THE Freeman

IDEAS ON LIBERTY

JUNE 1966

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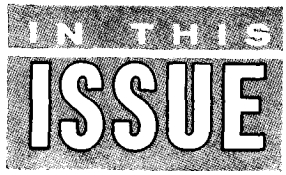

✓ The Gross National Product would be useful information for anyone buying or selling a nation; but those who deal peacefully in goods and services are better guided by market prices — and freedom .....p. 3

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Anyone wishing to communicate with authors may send first-class mail in care of THE FREEMAN for forwarding.

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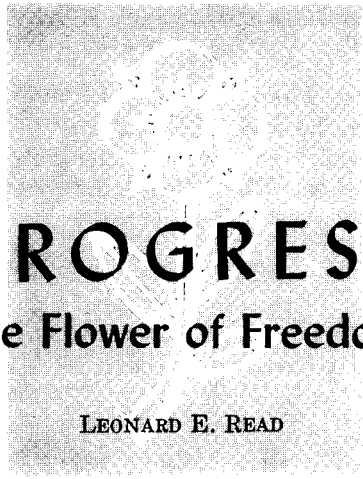

PROGRESS
the Flower of Freedom

LEONARD E. READ

A CORRESPONDENT from Pakistan asked: "How can one tell whether a nation is experiencing economic growth?" Really, a nation experiences nothing; only individuals have experiences. So, if we would measure growth or progress, it must be with respect to the individual human being, not a nation.

I here lay myself open to an argument no less contentious than Galileo's when he affirmed that the solar system does not revolve around the earth. He was up against the established faith; I find myself up against Hegel, Comte, and others who have held that only society is real and that the individual is the abstraction. Today these philosophers have followers by the millions – collectivists who have no inkling of the origin of their ideas – those who favor an intervening political apparatus, the planned economy, the welfare state.

Thus, the argument is between those on the one side who pose society, the nation, the over-all economy as the prime unit and, on the other side, the small minority who insist that all meaningful comparisons in progress must be made in terms of the individual.

First, let us ask, how would a bureaucracy, with its numerous interventions in the market place, go about measuring economic progress? The task is greatly hampered by the fact that economic calculation, which is founded on market data automatically supplied in a system of free competitive pricing, is denied in

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socialism; it is impossible.[1] Leading communist "economists" concede the point.[2] Yet, the interventionists are faced with decision-making. And in the absence of economic calculation, they have but one recourse: statistics! "Statistics are, in a crucial sense, critical to *all* interventionist and socialistic activities of government. . . . Only by statistics can the Federal government make even a fitful *attempt* to plan, regulate, control, or reform various industries – or impose central planning and socialization on the entire economic system."[3]

When Prices Are Established by Bureaucratic Edict

When an economy is controlled by government, prices are not established by competitive forces but by bureaucratic edict. Edicts are written, modified, repealed in accord with bureaucratic judgments. Thus it is that they are compelled to form judgments from their readings of the statistical data they compile. While the ups and downs in employment, standard of living, and many other data are contrived for their use, the usual statistic for measuring economic growth or progress is gross national product (GNP).

The GNP idea is subject to several obvious flaws:

- If I divorce my wife and hire her as a cook at $50 a week, the GNP will increase by $2,600 annually. How, pray tell, is there any economic growth or progress in that maneuver?
- If the Defense Department spends $50 billion instead of $1 billion on war and its hardware, the GNP will rise by $49 billion. The larger expenditure may or may not in-

[1] Professor Ludwig von Mises is generally conceded to be the one who intellectually – though not politically – demolished socialism. He did this by proving that economic calculation is utterly impossible under socialism. Were this not an elusive fact and extremely difficult to grasp, others would have discovered it before him. See pp. 131-142 in *Socialism* by Ludwig von Mises (New Haven: Yale University Press).

[2] Aleksy Wakar and Janusz Zielinski, leading professors of the Central Planning School of Poland, astonishingly for socialists, say, "The best methods of producing a given output cannot be chosen [by socialist methods of calculation] but are taken from outside the [socialist] system . . . i.e., methods of production used in the past, or so-called 'advanced' methods of production, *usually taken from the practice of more advanced countries and used as data for plan-building* by the [socialist] country under consideration." (Italics mine). See *The Journal of the American Economic Association*, March 1963.

For a clear, brief, simple, and excellent explanation of economic calculation, see "Play Store Economics" by Dean Russell. THE FREEMAN, January 1964.

[3] See "Statistics: Achilles' Heel of Government," by Murray N. Rothbard. THE FREEMAN, June 1961.

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crease our security but, assuredly, it represents no economic progress for you or me. We have a lower, not a higher, freedom of choice by reason of such outlays. To what economic use can a citizen put a battleship, or a nuclear warhead, or a dead "enemy"?[4]

- Were we to spend $40 billion to tear down New York City, the GNP would rise by that amount, the same as if we were to spend $40 billion to build a new city.[5]
- The dollars we pay farmers not to grow wheat, or peanuts or whatever, boost the GNP just as do the dollars paid farmers for things produced.
- GNP — expressed in the monetary unit — enlarges whenever the medium of exchange is diluted, that is, it gets bigger in an inflationary period.[6]

Contemplate what Germany's GNP would have been in 1923 when 30 million marks wouldn't buy a loaf of bread.

What an inaccurate device is GNP, the so-called measuring rod of economic progress employed by intervening governments and so heartily endorsed by many economists!

No Better Guide Available

Why, then, is GNP used at all? Probably there is no better statistical guide available to an intervening bureaucracy; that is, none more consistent with their gross-economy — as distinguished from individualistic — assumptions. Further, they have come to believe that spending, rather than productive effort, is the key to growth or progress. Were this true, then Germany achieved its peak of growth immediately prior to complete economic collapse. Were this true, we could experience enormous progress by the simple expedient of repealing all laws against counterfeiting! The fact is, exploding expenditures no more measure economic growth than does exploding population!

I repeat, GNP is purely an invention and a device of an intervening government and/or its in-

[4] This is not to deny that expenditures by government to keep the peace are useful. Defense against destructive actions is to avoid losses; it is but a means to make progress possible; it is not in itself growth or progress or gain.

[5] In Federal urban renewal, for instance, expenditures for razing the old structures are as much included in GNP as are expenditures for constructing the new.

[6] True, The Department of Commerce does publish a figure with a "deflator" (adjustment to a constant dollar) in its monthly *Survey of Current Business*. But this figure, far from flawless, is noted almost exclusively by professional economists and statisticians. It is the inflated figure that is "fed to the public."

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tellectual supporters. In an ideal free market society, with government limited to invoking a common justice and keeping the peace, GNP is inconceivable. Try to find a GNP figure in Hong Kong, the nearest approach to a free economy in today's world. There simply is no use for a GNP figure by the voluntary participants in a free market. Market data as related to one's goods or services, yes; but definitely not a generality like GNP related neither to specific markets nor to individual progress.

GNP is, of course, subject to manipulation, as explained above. Merely spend more, regardless of what for, and up it goes. Thus, the prevailing bureaucracy is enabled to "prove" that it is doing better each year, or better than the Establishment it succeeded.

Now, here is where the mischief enters: *If the majority of the citizenry can be sold on the merit of government spending and made to believe that GNP is a reliable measuring rod, then we can easily be led by the nose into the total state – the free market wiped out completely.*

Again, why is GNP used at all? Bureaucracies that intervene in the market will never use a valid definition of economic growth or progress for the simple reason that the real thing cannot be measured in mathematical or statistical terms and, thus, is utterly useless for bureaucratic procedure.

No Objective Standards

The real thing – individual economic progress – cannot be measured by objective standards. This is to say that the individual's economic progress cannot be reckoned by the number of chickens in the pot, by cars in the garage, by cash in the bank or statements of net worth, or by any or all other standard-of-living measurements.[7]

This is not to say that the individual can have no idea of his own economic growth; it is only to argue that growth cannot be judged by any set of objective standards.

For instance, I am aware of personal economic growth, which is to say, I can now obtain more of *what I want* in exchange for *what I want to do* than was the case thirty years ago. Further, the Pilgrim, or an 18th-century Englishman, or my father had nowhere near the choices of employ-

[7] ". . . true economic growth is theoretically unmeasurable. . . . Concern about economic growth could . . . properly be shifted from pondering meaningless percentages to preserving and perfecting the mechanisms and incentives through which growth is achieved." *United States Steel Corporation Annual Report*, 1960.

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ment I have, or what could be received in exchange for the fruits thereof. My choices abound compared to theirs.

But please note that *what I want to do* is forever changing, and that *what I want* in exchange is in perpetual flux. Like a bird on the wing, I don't "stay put," as we say. Even more to the point, I have no carbon copy on this earth; we are all in flux relative to each other.

Perhaps one man's highest aspiration is to write and lecture on behalf of freedom. He prefers this to other employments, even though the other jobs available to him pay twice or ten times as much. And in exchange he desires above all else a working acquaintance with the best libertarian minds in the world, along with the economic means — food, transportation, and the like — for realization. To him this is the ultimate in economic progress. Who, pray tell, has any right to set a standard for him other than these unusual but, nonetheless, self-chosen goals?

But here's another fellow who, above all else, prefers to strum a guitar. And in exchange his heart's desire is "a Loaf of Bread . . . a Flask of Wine, a Book of Verse — and Thou." To him this is the ultimate in economic progress. Where is the superman who has any logical, moral, or ethical basis for decreeing otherwise?

The above gets at the crux of the matter: *gain or economic progress is individual and subjective; gain cannot be objectively measured, that is, neither I nor anyone else can devise a standard that can accurately assess what is or isn't a gain to you.*[8] It's difficult enough to know one's own choice in such matters.

What economic progress is to one individual may very well be regress to another. Examples: There are persons who would prefer an audience with the President of the United States to $10,000, and vice versa; a hoola hoop to $5, and vice versa; a can of imported snails to $2, and vice versa; a Ph.D. or a mink coat to $5,000, and vice versa; a Sammy Davis performance to one by Roberta Peters, and vice versa; a Jeep to a Cadillac, and vice versa; and so on ad infinitum. *Objective standards simply cannot be used to measure subjective judgments.*

Measuring and determining the total value of these trillions of complex, ever-changing whims,

[8] This is clear to anyone who understands the marginal utility theory of value, one of the latest (1870) and assuredly one of the most important discoveries in economic science. See *Value and Price* by Eugen von Böhm-Bawerk (South Holland, Illinois: Libertarian Press).

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fancies, desires – subjectively recorded only in the minds of individuals mostly unknown to one another – is not humanly possible.[9]

The individual can, if he so elects, generally assess his own economic progress, but he can no more express this growth statistically or mathematically than he can his intellectual, moral, or spiritual gain. Indeed, in these latter categories, no one makes any attempt at such measurement. Unlike the single dimensions of height, weight, girth, bushels of wheat, population, these other forms of growth, including economic, are multidimensional and – to top it off – in never-ending flux. And suppose one had an accurate measure of his own economic growth; what could he possibly do with the statistic that he could not do as well without it?

A Freeing of Choices

Far more important than fruitlessly trying to measure individual economic growth is understanding what it is that increases the possibilities for progress. Were we searching for a single phrase to express what has to be understood, we could well settle for a *freeing of choices.* This, however, is as big as "all outdoors." Reflect on the enormity of what's involved:

- *First,* freeing the choices – increasing the alternatives and opportunities – for profitably (subjective) employing one's abilities and properties.
- *Second,* freeing the choices – increasing the alternatives – of the desirable (subjective) goods and services that can be obtained in *willing exchange* for the fruits of said employment.
- *Third,* freeing the capacities of self in order to partake of the increasing alternatives. To what advantage is a proliferation of opportunities to an oyster, or to a human who can't get off dead center?

All three of the above developments are founded on exchange – production as much as distribution. And this is true even of self-development, for man grows by exchanging ideas with his contemporaries or drawing on his heritage; he is incapable of going it alone. Thus, exchange is the key economic term.

There are two kinds of exchange, broadly speaking: *forced* exchange as in state intervention-

[9] This is not to say that the complete satisfaction of personal desires is necessarily to one's advantage. It is only to argue that it is not my role to decide what someone else's advantage is. Is it to another's advantage that he be cast in my image, have my likes and dislikes imposed on him? Nonsense!

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ism (socialism) and *willing* exchange as in a free market economy. No society ever has had exclusively one or the other; every society has more or less one or the other.

To repeat what is already implied, economic progress may be judged only by the extent to which an individual becomes capable of taking advantage of an increase in opportunities for productive activity and an increase in what he can obtain for his goods or services in *willing* exchange.

Such progress, let it be emphasized, originates only in willing as distinguished from forced or coerced exchange. For example, when a robber takes $100 from you, there is no net gain; his gain is canceled out by your loss; this exchange is no more than a coercive swap. Precisely the same holds true when the government forcibly takes the fruits of your labors as a contribution toward any project which does not fall within the principled scope of government.[10] Parenthetically, an intervening government, to be consistent, should tabulate robberies and include the total figure in GNP!

It is clear that there is no gain or progress in forced or coerced exchange. But observe the gain in willing exchange: you, on your own motion — voluntarily — purchase a suit for $100. Both you and the clothier gain in the only way that the term gain makes sense. You want the suit more than the cash; he wants the cash more than the suit. Each of you, on your own terms — nobody else's — gains by the exchange. Were this not true in each case, you would not buy; he would not sell.

Individual Economic Progress

Let us now ask, why is individual economic progress so important? What, really, is its deep significance? For, surely, it transcends sensual pleasures and satisfactions.

Assume I am a Russian whose employment alternatives may be limited to working in the sputnik factory or on a collective farm and where the things that can be obtained in exchange approximate the contents of Mother Hubbard's cupboard. Or a Chinese who, employment-wise, has no choice beyond sloshing around a rice paddy, in exchange for which he gets rice and little else.

[10] Bastiat suggested the principled scope in simple terms: "See if the law takes from some persons what belongs to them, and gives it to other persons to whom it does not belong. See if the law benefits one citizen at the expense of another by doing what the citizen himself cannot do without committing a crime." See *The Law* by Frederic Bastiat (Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.)

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Next, grant this: I– the Russian or the Chinese, it matters not – possess a potential talent, hidden, latent, untapped. Mine is distinctively unique, unlike that of any other living being. I don't know what it is myself. I only know that it isn't making sputniks or transplanting rice. If I understand life's purpose, one aim must be to see how close I can come during my earthly days to realizing those creative potentialities uniquely mine. Under the conditions outlined above, I should go to my grave – in this respect *unborn!*

Now, let the alternatives for employment greatly proliferate. They pop into existence every day, one might say. Undeniably, the greater the proliferation the greater is the probability that some one alternative will coincide with that latent, undiscovered talent uniquely mine. In short, self-realization!

Maximizing the Alternatives

It is now appropriate to consider what type of political economy is most conducive to a maximum of alternatives for the employment of abilities and properties and of opportunities for profitable exchange. In what socio-economic climate is there the greatest freeing of choices?

I believe the first requirement to be a societal agency – government – devoted to keeping the peace, that is, to inhibiting and minimizing all violence, fraud, misrepresentation, predation. Though fully aware of the tendency of governments to get out of hand – the policeman turned plunderer – I'm nonetheless convinced that society requires an organized agency of defensive force to keep the market free of coercion, to secure to each citizen his life and the fruits of his labor. Private property is the outcome of such security, this institution being a basic foundation for any growth in economic alternatives.

Only when life and property are respected is capital formation possible, labor and capital being the tools of production.

When the societal agency is limited to keeping the peace – assuming it does so – there remains no organized force standing against the freeing of creative human energy, a potential always seeking release to some extent in everyone.

When the societal agency keeps the peace, that is, when no one is permitted to lord it over others, there is free entry, free and willing exchange; in short, the free market.

It is under these conditions – never under authoritarian arrangements – that alternatives proliferate, both as to opportuni-

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ties for the employment of one's abilities and properties and as to what one can obtain in willing exchange.[11] The flower of freedom!

The flower of freedom, I say. But how, many will ask, can this proliferation of alternatives be taking place coincidentally with a rapidly advancing state intervention into the market? Isn't there a contradiction here?

What Goes on Here?

While no societal agency has ever been strictly limited in practice to keeping the peace, invoking a common justice, and securing the rights to life and livelihood, and no market has ever been ideally free, the U.S.A. has afforded the nearest approximation to these ideals. This practice of freedom brought an unprecedented outburst of creative activity, and through the persons of self-reliant individuals. What's going on today can partly be accounted for as a momentum, a mighty thrust from decades when sound principles were generally practiced. The traditions, the ways of dealing with each other, the will to improve, the incentives, and numerous other virtues born in that era combined into a fabric too tough for easy destruction.

But more than momentum: our impressions of what is happening are greatly colored and distorted because, to a marked extent, they derive from what we read in the press or hear over TV and radio. Public media — our eyes for seeing much of the world around us — highlight the news. And what's news? Not the commonplace — never! But, rather, the exceptional events. A new intervention or control (restriction of the market) is always an exception; it is a break with tradition, with our ways of doing things and dealing with each other. So, it is the substitution of forced for willing exchange that is taken to be news nowadays.

Let's reflect on the commonplace which mostly we overlook. For instance, the exchange of 30 cents for a can of beans. We take no more note of this than we do the important air we breathe. Yet these commonplace, unnoted actions occur daily in billions of unpublicized voluntary exchanges, with a constructive effect that

[11] The alternatives (specializations) brought into existence by government, founded on forced rather than on free exchange — space hardware, and the like — must be excluded from the list that makes for individual economic progress. When we become dependent on the exchange of our numerous specializations — as is now the case — exchanges must be by common consent if we are to avoid the Russian type of authoritarian state. For more explanation of this point, see Chapter VI in my *Anything That's Peaceful* (Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.)

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tends to overcome many destructive, intervening forces.

I repeat, we are keenly conscious of the exceptional destructive forces and only dimly aware of the commonplace constructive forces. This, of course, is very dangerous, for we tend to accept these glaring interventions as causes of the proliferation of economic alternatives for the individual. This type of mistaken correlation leads labor union officials to believe that their coercive tactics raise the wage level,[12] or bureaucrats to believe that their price controls curb inflation. The fact is that coercion is an inhibiting force, never creative. It precludes creative activity by the person doing the coercing as well as by the one being coerced.

Free and willing exchange, on the other hand, can be likened to a world-wide electric grid into which flows the infinitesimal and varied creativities of several billion individuals, resulting in a magnificent total available to all.

As a bolt of lightning zigs and zags along the line of least resistance, so has free action found its way through the porosity of governmental restraints. It is the free action, not the restraints, that accounts for all that's good in the economic situation. In short, free action is stronger than you think, and the interveners are weaker than they think.

However, it is the weakness of the interveners—and ever so many citizens – that can spell our undoing. For when a false economic growth (GNP) can be adopted as a proper goal and when the way to realization is believed to be exploding expenditures, inflation is inevitable.

Specialization of the free market kind is all to the good. But the more specialized we become, the more is each of us dependent on the free, uninhibited exchanges of our specializations. Exchange in specialized societies cannot be achieved by barter; a medium of exchange – money – is required. Inflation, like counterfeiting, destroys the integrity of the medium and, thus, threatens survival.

Of one thing we can be certain: when a high proportion of the time and energy of individuals is devoted to the measurement and expansion of the Gross National Product, their progress as individuals will be thwarted.

Progress is the flower of freedom! ◈

[12] See *Why Wages Rise* by Dr. F. A. Harper (Foundation for Economic Education, Inc., Irvington-on-Hudson, N. Y.).

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PLEASE STEP ASIDE

GEORGE CHARLES ROCHE III

ONCE, long ago, the most powerful man in the world was Alexander the Great. His dominions stretched across the entire civilized world of his time and penetrated the East as far as India. Bureaucrats and politicians jumped at the slightest expression of his whims. Cities were planned and built to his specifications. Even that most nebulous substance, "culture," was defined and elaborated on the Alexandrian model.

The story is told that once, while Alexander and his entourage were journeying from one part of the empire to another, one of his advisers rushed up to the most powerful man on earth and announced breathlessly, "Sire, just beyond the next hill is one of the greatest philosophers of your empire."

"Quick, take me to this man," commanded Alexander, for "cultural" attainment of all sorts was an interest upon which the ruler especially prided himself. Alexander and his chief ministers hurried over the hill to discover the philosopher lying upon his back in the green, soft grass, gazing at the clouds, and basking in the sun while he apparently pondered some deep question.

"I am Alexander, ruler of the world," the sovereign began. "Name your wish and it shall be granted, for I am a patron of culture and will gladly underwrite any project which you select."

As befitted a man of his calling, the philosopher thought a moment

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before replying to such a grand offer, then politely responded, "You may do one thing for me, your highness; please step aside — you are standing between me and the sun." Alexander's reply is not recorded, but it can be assumed that the ruler returned to affairs of state and the philosopher returned to sunning himself amid the consideration of his own thoughts.

In an age when government promises "security" and the satisfaction of every human want, with such assurance of its capacity for beneficence that its agents freely use a growing amount of force to coerce the lucky citizenry into acceptance of this state of affairs, we might wonder what would have happened to the Alexandrian philosopher had he refused the tender, loving care of the Great Society or the communist state in 1966 A.D. instead of refusing Alexander's offer in 326 B.C. In the more frankly coercive, collective regime of the communist state, our philosopher friend probably would have been shot as an "enemy of the people." In the Great Society, sharing many of the goals of other collectivisms but — so far at least — being a little more reticent in the application of force to achieve those goals, the philosopher merely would have been termed "reactionary" and "antisocial." Had he persisted in his "selfish attitudes," he would have been branded with the ultimate crime, that of being "against progress," i.e., not agreeing with the dominant herd instinct of the age.

Whatever might have happened to our friend had he lived in our times, and however the bureaucrat of collective welfare and coerced beneficence might view such heresy, we can rest assured that the philosopher would have agreed with Samuel Johnson. It is indeed "easier to be beneficent than to be just." In fact, the collectivist in the final analysis finds it impossible to be either beneficent or just. The collective interference with the individual, institutional, private sector of society that characterizes our age is a perfect example of the misplaced, artificial, and coerced type of beneficence that renders justice unattainable within such a system.

The Nature of Justice

Justice in the practical, working sense, after all, is really society's guarantee to the individual that a definite set of rules and a definite right and wrong are recognized as governing the conduct of that society's membership. If justice is to prevail, the rules must be universally applicable, giving equal treatment and consistent treatment to any citizen at any time.

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Justice for the individual exists only where a fixed value system of right and wrong exists and where the judgments made concerning whether an act is right or wrong are consistent and therefore *predictable*. The collective ethic cannot provide such conditions. Collective morality is not fixed, but relative. Right and wrong are what the state says they are at the moment. The individual citizen has neither a fixed value system nor a predictable reaction from his society by which to guide his actions.

Lenin's "all tactics are Bolshevik tactics" expresses the communist version of the collectivist standard of justice quite clearly. Neither fixed standards nor predictability stand in the way of whatever the state might wish to do. In the Western world's less coercive version of collectivism, many of the same relative standards prevail. The Supreme Court of the United States is making very clear, indeed, its lack of concern for precedent. What has been increasingly substituted is what might be called, "sociological jurisprudence." Law, and therefore justice, are no longer to be determined according to fixed principle, but according to what the current membership of the court views as the proper "social" goals. For another example drawn from contemporary American government, what defense does the individual citizen have against the dictates of various bureaus exercising executive power over his life? These bureaucrats are not elected by the people, not mentioned in the Constitution, yet wield great influence in interpretation and enforcement of law. These men virtually make the law in the process of executing blank legislative checks from Congress. Surely such a system provides neither fixed values nor predictability. Justice for the individual in the collective ethic is indeed "far to seek."

Material Welfare

The student of the free market might well also add that any genuine material benefit to society or to its individual members also goes out the window when justice departs. This is true because the man denied justice is in effect being denied a measure of his freedom. And much of the reason for the material failure of the collective ethic can be exposed in a short question: who produces more, the slave or the free man?

It would be hard to imagine a more basic form of material welfare than the food a society produces for itself. From the very beginning of its regime, the Soviet planned economy in Russia has placed great emphasis upon col-

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lective agriculture. Yet, although great amounts of power – virtually unlimited by morality or any humane considerations–have been brought to bear throughout a long and bloody chapter of the collective experiment, success has remained beyond the reach of the planned economy. As one wag expressed it, 1966 can be predicted to produce the Soviet Union's forty-ninth annual crop failure since 1917, due, according to the Soviet news agency, to "natural causes."

Meanwhile, our planners in the United States have been devoting their efforts to the curtailment of the agricultural production stemming from our relatively free market system. The planners have met with as little success on this side of the world. In fact, we find the American planners who would curtail production faced with such a surplus that they are able to help in feeding the Russian society whose planning to increase production has resulted in starvation conditions. Surely such a total disaster for "planning" would be at least an embarrassment if not a lesson to most men; but unwillingness or inability to learn from experience would seem to be a basic character trait of the modern collectivist.

In societies lacking freedom, neither material well-being nor justice has historically proven possible of attainment. The collective experiments of our age have made abundantly clear how hopelessly lost both prosperity and justice become when freedom is curtailed. Lack of freedom, then, in the end makes both genuine beneficence and justice casualties of the planned society, no matter how "well-intended" the planners may be.

The modern victim of such a double loss might well begin the process of reclaiming his freedom and well-being by following the example of the Alexandrian philosopher. He knew very well what the state could do for him and what the state could do to him; and he told the all-powerful state that its self-proclaimed beneficence was not required; that what was required was not more interference, but less; that it should stand aside and stop blocking the sun. Should modern man follow this example, the warming rays of self-reliance and human dignity thus generated could easily again provide the greatest of boons to man, leaving the individual free to pursue his own well-being and his own moral growth. ◈

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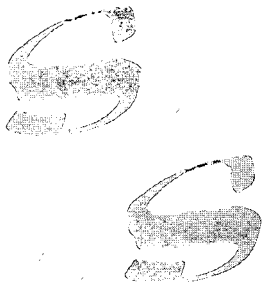

WILLIAM HENRY CHAMBERLIN

SAILING under its own colors, socialism never got far in the United States. Native Americans, pragmatic by disposition, were not attracted by the dull and ponderous writings of Marx and Engels, with their underpinning of muddy Hegelian metaphysics. They were not inclined to call each other comrade or to take much stock in letters signed "Yours for the revolution." The availability until 1900 of free land, the absence of European class distinctions, the ease with which individuals could move up or down the economic ladder—all these characteristics of American life were against the socialist conception of irreconcilable antagonism between two classes, exploiters and exploited.

So socialism in America was an intellectual import; it was no accident that of the two socialists elected to Congress one came from New York's East Side, the other from a district in Wisconsin with a substantial population of German origin. Both in Eastern Europe and in Germany socialism was a creed with a considerable following, and it was natural that immigrants from these areas in many cases joined the American Socialist Party.

As the children and grandchildren of these immigrants became assimilated and lost touch with conditions in their parents' homelands, interest in socialism waned. The American Socialist Party reached its highest proportion of

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the popular vote (about 6 per cent) with one of its hardy perennial candidates for President, Eugene V. Debs, in 1912. Then its vote tapered off steadily, with only one upsurge, in 1932, for Debs's successor as regular candidate, scholarly and personally likable Norman Thomas. Finally the vote became such an infinitesimal percentage that the party ceased to nominate candidates for national office and now carries on merely as an educational and propaganda organization.

Americanizing the Ideas

Although socialism as a political movement for all practical purposes has ceased to exist, socialist proposals and ideas, from the time of the New Deal, have been taken over and put into effect by politicians of other parties. On many counts there is little difference today between European socialists, who have become more moderate because of the secession of the communists, and the stronger American advocates of government intervention and expanding social legislation. A prominent German Social Democrat once told the writer that his party was in substantial agreement with the "New Deal" and "New Frontier" Democrats, and the "Great Society" is the sort of blueprint for heightened government spending for supposed welfare aims that might be expected to win the hearty endorsement of a British or continental socialist.

A proposal to give the government authority to take over and operate key industries in the United States, should it come to a vote, would be overwhelmingly defeated. But socialism by a mixture of seduction and pressure is a horse of another color. This process is much farther advanced than most people realize and with remarkably little visible awareness or resistance from the businessmen, large and small, who might be expected to offer opposition.

Benevolent Intervention

An important element in the process of seduction is repeated affirmation by the highest government officials of devotion to the principles of free enterprise. Then comes the alluring suggestion that government wants and intends to be a benevolent partner of business. By this time resistance in the business community has been softened to a point where government bureaucrats, with little objection, take over some of the most important functions of the free market, such as the level of prices and the direction of investment. Price control and directed investment would have an ominous warning sound. So such expres-

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sions as government guidelines and voluntary restraints are preferred.

Professor Hayek once observed that, if any individual had invented the free market, he could have been considered an outstanding genius. But this system, like Topsy, "just growed" in response to the age-old needs for exchange of goods. Its service as an impartial regulator of prices is unique and unrivaled. In response to increased demand, actual or potential, prices rise. The contrary signal of falling prices indicates that demand has declined or is likely to decline.

All sorts of rulers, from despotic emperors of the past like Diocletian to communist dictators and computer-equipped bureaucrats of the present, have tried to cheat the free market by employing decrees or artificial means to push prices up or hold them down. But the usual end result of such efforts is about as successful as King Canute's order to the waves and tides to stand still. (Perhaps Canute was rebuking some of the eager-beaver would-be planners in his entourage).

The Reins of Control

Slowly, gradually, almost imperceptibly, "guidelines" have replaced the impersonal mechanism of the market in determining the level of prices. When a price increase, however well justified by a rising trend in wages and other costs, draws a protesting whistle from the government official in charge of the guidelines, the corporation almost invariably backs down. Stockholders in steel companies, at a time when the general trend in profits and wages has been upward, are still looking for a restoration of the 40 per cent cut in earnings which they took some years ago when the larger steel companies reduced their dividends in this proportion. But government intervention has twice blocked steel price hikes. There has been the same experience in the aluminum and copper and tobacco industries. And against this growing interference of government with the verdict of the market place there have been remarkably few audible protests. When the president of the Chase Manhattan Bank, George Champion, last year urged businessmen to oppose what he called government-by-guideline, his stand was taken as amazing, although there was a time when almost no banker or industrialist would have taken a different attitude.

The threat of more open and direct controls has induced banks to accept sweeping limitations on their right to lend and invest abroad. Again, few voices have

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been raised in public protest, although private comment on this subject has often been sulphurous. As Alan L. Otten summed up the subject in a thoughtful article in *The Wall Street Journal* of January 13:

> A threat of more direct controls on overseas investments has persuaded business to accept, with scarcely a murmur, a very complex system of very real "voluntary" controls. For the sake of "civil rights" businessmen have put up practically no fight against deep government intervention in their hiring practices. The Federal Trade Commission points to a sharp increase in "voluntary compliance" by businessmen with FTC rules on permissible trade practices. The Justice Department looks for widespread industry acceptance of its forthcoming "advisory guidelines" spelling out what will and won't violate the antitrust laws. Auto firms readily acceded to Senate prodding for more safety equipment in new cars.

The Penalty of Resisting

Why are businessmen submitting to so much substitution of government judgment for their own with so little protest? The answer is partly in a process that may be called seduction. It is an old adage that the customer is always right and the government, thanks to expanded military and social welfare programs, is far and away the biggest single customer. Few business representatives look beyond the prospect of immediate profit, and the benefits to aircraft companies and engineering and electronics firms from enlarged war spending are obvious. Other types of firms stand to gain from "Great Society" expenditures, hospital suppliers from medicare, textbook, school, and laboratory manufacturers from higher educational outlays.

Moreover, the government is a customer equipped with teeth and claws not available to the individual buyer. It is in a position to blacklist firms that incur its displeasure, to shift its buying to those which are cooperative in accepting dictation. Given the vast complexity of the personal and corporate taxation system and of the antitrust laws and the large shadowy area between legality and illegality, the defiant head of a business firm faces the dreary prospect of tax harassment, with simultaneous damage to his pocketbook and to his public relations image.

It is an old familiar political trick to use patronage, appointments to public office, to help pass legislation on the Federal and state levels. But this kind of patronage is peanuts compared with the financial power that has accrued and is accruing to Big Brother in Washington as a result

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of steady expansion of government functions and the parallel growth of public spending. Ability to approve or withhold Federal grants in aid has given Federal agencies unprecedented power to control and overrule the judgment of the local school boards which have hitherto been the backbone of the public educational system. And the government's position as the biggest single buyer lends a good deal of muscle to its demands that its guideline directions be obeyed.

Two Standards

In theory, wages — like prices — are subject to government influence and control. But in practice the government has proved less willing, perhaps less able, to employ sanctions against big concentrations of trade-union power than against business firms. A good example was the illegal transit strike that paralyzed transportation in New York City during the first weeks of January. The demands of the leader of the strike, the late Michael Quill, who tore up a court injunction against the strike with a degree of immunity from consequences not shown to Southern governors who opposed educational integration, were wildly in excess of the supposed wage increase limit of 3.2 per cent.

But the White House was very gingerly in its handling of Mr. Quill; he was not subjected to any of the pressures brought against firms seeking much more modest price increases. And the New York state authorities were positively abject in their reaction. The strike was in clear violation of the state Condon Wadlin Act, which forbids strikes by state employees and, among other penalties, forbids wage increases to violators for a term of years. The strike was settled on terms of virtual unconditional surrender, involving a settlement amounting to about a 15 per cent wage and fringe benefits increase. When judgment was given that this increase was illegal, the legislature hastily passed a law exempting transit workers from its operation. The problem of how to deal with stoppages of labor that hold up a large community to ransom, on pain of intolerable disruption of normal services, remains as far from settlement as ever.

As in Britain

There has been a parallel experience in Great Britain, where the Labor Government has been much more successful in holding down prices than in holding down wages, thereby storing up inflation and balance-of-payments troubles for the future. Even if it

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were desirable to substitute for the working of the free market a system of government fixing of prices and wages, with all the artificialities, inequities, and distortions which this involves, it would be almost impossible for a government to operate such a system in an even-handed manner. There are more votes represented in trade-unions than in management; and it is the temptation of politicians to follow what seems to be the trail leading to the votes, regardless of the effect on the welfare and viability of the national economy.

One reason why the business community, traditionally devoted to a free enterprise economy with a minimum of government interference, has accepted so meekly the growing incursions of government bureaucracy into the sphere of business decisions is the argument that inflation is a serious danger in the wake of a prolonged boom and that the government should possess some latitude in trying to forestall and avert this disaster. On the harmfulness of inflation there can be no reasonable difference of opinion. But it is contrary to all the teachings of experience and of sound economic theory to believe that inflation can be curbed by shadow boxing with its symptoms, rising prices and wages.

Curb the Spending

The only hopeful way of fighting inflation is to get at the roots, to cut down the creation of new money through Federal Reserve open market operations, to tighten credit and, above all, to cut down government spending. It is fantastic to be preparing the ground for a new raid on the harassed Federal income taxpayer when there are such promising targets for economy as the current $46 billion for welfare spending, over $3 billion for foreign aid, $3 billion for farm subsidies, $4 billion for an excessively expensive road-building program, and $4 billion for the project of putting a man on the moon and bringing him back — a project without military, scientific, or any other justification commensurate with its cost.

No doubt the war in Vietnam will be alleged as an excuse for levying supplementary taxes. But the true cause of a probable budget deficit may be found in the spendthrift growth of nondefense taxation, much of it with no justification except the desire to attract votes from groups that are "consumers," not "producers" of social security. In the last six years, nondefense spending has grown by the enormous total of $32 billion. If a sum of $5 billion or even $10 billion is needed to put the budget in balance, an Ad-

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ministration or a Congress genuinely bent on economy could easily find it in these swollen expenditures.

It is high time for thoughtful businessmen, looking beyond the immediate balance sheet, to consider what will become of free private economy if government officials are to substitute their judgments more and more for the impartial verdict of the free market. A few years of outward prosperity, with ever stronger inflationary overtones, will be purchased too dearly if the result is some kind of government-run, socialized economy derived from a mixture of seduction and stronger pressures. ◈

HOW PRICE CONTROL LEADS TO Socialism

LUDWIG VON MISES

THE GOVERNMENT believes that the price of a definite commodity, e.g., milk, is too high. It wants to make it possible for the poor to give their children more milk. Thus it resorts to a price ceiling and fixes the price of milk at a lower rate than that prevailing on the free market. The result is that the marginal producers of milk, those producing at the highest cost, now incur losses. As no individual farmer or businessman can go on producing at a loss, these marginal producers stop producing and selling milk on the market. They will use their cows and their skill for other more profitable purposes. They will, for example, produce butter, cheese, or meat. There will be less milk available for the consumers, not more.

This, of course, is contrary to the intentions of the government. It wanted to make it easier for some people to buy more milk. But, as an outcome of its interference, the supply available drops. The measure proves abor-

Excerpted by permission from Dr. Mises' lecture, "Middle-of-the-Road Policy Leads to Socialism," published and available as a pamphlet from Libertarian Press, 366 East 166th Street, South Holland, Illinois. Single copies, 25¢.

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tive from the very point of view of the government and the groups it was eager to favor. It brings about a state of affairs, which – again from the point of view of the government – is even less desirable than the previous state of affairs which it was designed to improve.

Now, the government is faced with an alternative. It can abrogate its decree and refrain from any further endeavors to control the price of milk. But if it insists upon its intention to keep the price of milk below the rate the unhampered market would have determined and wants nonetheless to avoid a drop in the supply of milk, it must try to eliminate the causes that render the marginal producers' business unremunerative. It must add to the first decree concerning only the price of milk a second decree fixing the prices of the factors of production necessary for the production of milk at such a low rate that the marginal producers of milk will no longer suffer losses and will therefore abstain from restricting output.

But then the same story repeats itself on a remoter plane. The supply of the factors of production required for the production of milk drops, and again the government is back where it started. If it does not want to admit defeat and to abstain from any meddling with prices, it must push further and fix the prices of those factors of production which are needed for the production of the factors necessary for the production of milk.

Hopelessly Enmeshed

Thus the government is forced to go further and further, fixing step by step the prices of all consumers' goods and of all factors of production – both human, i.e., labor, and material – and to order every entrepreneur and every worker to continue work at these prices and wages. No branch of industry can be omitted from this all-round fixing of prices and wages and from this obligation to produce those quantities which the government wants to see produced. If some branches were to be left free out of regard for the fact that they produce only goods qualified as non-vital or even as luxuries, capital and labor would tend to flow into them and the result would be a drop in the supply of those goods, the prices of which the government has fixed precisely because it considers them as indispensable for the satisfaction of the needs of the masses.

But when this state of all-round control of business is attained, there can no longer be any ques-

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tion of a market economy. No longer do the citizens by their buying and abstention from buying determine what should be produced and how. The power to decide these matters has developed upon the government. This is no longer capitalism; it is all-round planning by the government – it is socialism.

It is, of course, true that this type of socialism preserves some of the labels and the outward appearance of capitalism. It maintains, seemingly and nominally, private ownership of the means of production, prices, wages, interest rates, and profits. In fact, however, nothing counts but the government's unrestricted autocracy. The government tells the entrepreneurs and capitalists what to produce and in what quantity and quality, at what prices to buy and from whom, at what prices to sell and to whom. It decrees at what wages and where the workers must work. Market exchange is but a sham. All the prices, wages, and interest rates are determined by the authority. They are prices, wages, and interest rates in appearance only; in fact they are merely quantity relations in the government's orders. The government, not the consumers, directs production. The government determines each citizen's income, it assigns to everybody the position in which he has to work. This is socialism in the outward guise of capitalism. ◈

IDEAS ON LIBERTY ***What Price Control Means***

WHEN ONE CONDEMNS the processes of a free market, as he is doing when he endorses any form or degree of price control, he is invalidating the rights of either buyer or seller. If the buyer and seller agree to trade the bushel of potatoes at $2 and a dictator sets a price limit of $1.80, he is economically disfranchising the seller in the market. He is doing exactly the same thing as the robber who takes the bushel of potatoes and then hands the poor victim a gratuity of what he wishes, in this case $1.80. This is not disfranchisement of the seller by 10% – it is complete disfranchisement, and the seller is completely at the mercy of the control instead of being able to pursue his rights in a free market.

F. A. HARPER, *The Crisis of the Free Market*

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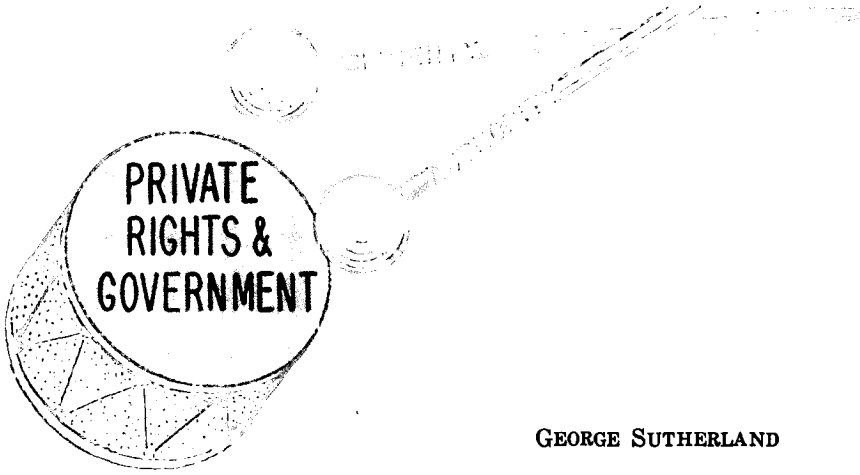

GEORGE SUTHERLAND

Justice Sutherland of the United States Supreme Court was born in England in 1862, admitted to the bar in 1883, U. S. Senator from Utah 1905-1917, appointed to the Supreme Court 1922, retired 1938, died 1942. The following article is from his address as the President of the American Bar Association at its annual meeting, Saratoga Springs, N. Y., September 4, 1917.

FROM the foundation of civil society, two desires, in a measure conflicting with one another, have been at work striving for supremacy: first, the desire of the individual to control and regulate his own activities in such a way as to promote what he conceives to be his *own* good, and, second, the desire of society to curtail the activities of the individual in such a way as to promote what it conceives to be the *common* good.

The operation of the first of these we call liberty, and that of the second we call authority. Throughout all history mankind has oscillated, like some huge pendulum, between these two, sometimes swinging too far in one direction and sometimes, in the rebound, too far in the opposite direction. Liberty has degenerated into anarchy and authority has ended in despotism, and this has been repeated so often that some students of history have reached the pessimistic conclusion that the whole process was but the aimless pursuit of the unattainable.

I do not, myself, share that view. In all probability we shall never succeed in getting rid of all the bad things which afflict the social organism — and perhaps it would not be a desirable result if

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we should succeed, since out of the dead level of settled perfection there could not come that uplifting sense of moral regeneration which follows the successful fight against evil, and which is responsible for so much of human advancement—but I am sure that in most ways, including some of the ways of government, we are better off today than we have ever been before. It is, however, apparently one of the corollaries of progressive development that we get rid of old evils only to acquire new ones. We move out of the wilderness into the city and thereby escape the tooth and claw of savage nature, which we see clearly, only to incur the sometimes deadlier menace of the microbes of civilization, of whose existence we learn only after suffering the mischief they do.

Today, as always, eternal vigilance is the price of liberty—liberty whose form has changed but whose spirit is the same. In the old days it was the liberty of person, the liberty of speech, the freedom of religious worship, which were principally threatened. Today it is the liberty to order the detail of one's daily life for oneself—the liberty to do honest and profitable business—the liberty to seek honest and remunerative investment that are in peril. In my own mind I feel sure that there never has been a time when the business of the country occupied a higher moral plane; never a time when the voluntary code which governs the conduct of the banker, the manufacturer, the merchant, the railway manager, has been finer in tone or more faithfully observed than it is today; and yet never before have the business activities of the people been so beset and bedeviled with vexatious statutes, prying commissions, and governmental intermeddling of all sorts.

Pass a Law

Under our form of government the will of the people is supreme. We seem to have become intoxicated with the plenitude of our power, or fearful that it will disappear if we do not constantly use it, and, inasmuch as our will can be exercised authoritatively only through some form of law, whenever we become dissatisfied with anything, we enact a statute on the subject.

If, therefore, I were asked to name the characteristic which more than any other distinguishes our present-day political institutions, I am not sure that I should not answer, "the passion for making laws." There are 48 small or moderate-sized legislative bodies in the United States engaged a good deal of the time and one very

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large national legislature working overtime at this amiable occupation, their combined output being not far from 15,000 statutes each year. The prevailing obsession seems to be that statutes, like crops, enrich the country in proportion to their volume. Unfortunately for this notion, however, the average legislator does not always know what he is sowing, and the harvest which frequently results is made up of strange and unexpected plants whose appearance is as astonishing to the legislator as it is disconcerting to his constituents.

This situation, I am bound to say, is not wholly unrelated to a more or less prevalent superstition entertained by the electorate that previous training in legislative affairs is a superfluous adjunct of the legislative mind, which should enter upon its task with the sweet inexperience of a bride coming to the altar. As rotation in crops – if I may return to the agricultural figure – improves the soil, so rotation in office is supposed to improve the government. The comparison, however, is illusory, since the legislator resembles the farmer who cultivates the crops rather than the crops themselves, and previous experience, even of the most thorough character, on the part of the farmer has never hitherto been supposed to destroy his availability for continued service.

I think it was the late Mr. Carlyle, who is reported to have made the rather cynical observation that the only acts of Parliament which were entitled to commendation were those by which previous acts of Parliament were repealed. I am not prepared to go quite that far, though I am prepared to say that in my judgment an extraordinarily large proportion of the statutes which have been passed from time to time in our various legislative bodies might be repealed without the slightest detriment to the general welfare.

Throughout the country the business world has come to look upon the meeting of the legislature as a thing to be borne rather than desired, and to regard with grave suspicion pretty much everything that happens, with the exception of the final adjournment, a resolution to which end, unless history has been singularly unobservant, has never thus far been withheld by general request.

Good Intentions Only

The trouble with much of our legislation is that the legislator has mistaken emotion for wisdom, impulse for knowledge, and good intention for sound judgment. "He means well" is a sweet and whole-

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some thing in the field of ethics. It may be of small consequence, or of no consequence at all, in the domain of law. "He means well" may save the legislator from the afflictions of an accusing conscience, but it does not protect the community from the affliction of mischievous and meddlesome statutes.

A diffused desire to do good – an anxious feeling about progress – are not to be derided, of course, but standing alone and regarded from the viewpoint of practical statesmanship, they leave something to be desired in the way of complete equipment for discriminating legislative work. Progress, let me suggest, is not a state of mind. It is a fact, or set of facts, capable of observation and analysis – a condition of affairs which may be cross-examined to ascertain whether it is what it pretends to be. But you cannot cross-examine a mere longing for goodness – an indefinite, inarticulate yearning for reform and the uplift – or an uneasy, vague state of flabby sentimentalism about things in general.

In matters of social conventionality we are still rigidly conservative, but in the field of government there is a widespread demand for innovating legislation – a craze for change. A politician may advocate the complete repudiation of the Constitution and be regarded with complacency, if not with approval as an up-to-date reformer and friend of the people, but let him appear in public wearing a skirt instead of a pair of trousers and the populace will be moved to riot and violence.

Impatience Undermines Freedom

The difficulty which confronts us in all the fields of human endeavor is that we are going ahead so fast – so many novel and perplexing problems are pressing upon us for solution – that we become confused at their very multiplicity. Evils develop faster than remedies can be devised. Most of these evils, if left alone, would disappear under the powerful pressure of public sentiment, but we become impatient because the force of social organism is not sufficiently radical and the demand goes forth for a law which will instantly put an end to the matter.

The view which prevailed a hundred years ago was that the primary relation of the government to the conduct of the citizen was that of the policeman, to preserve the peace and regulate the activities of the individual only when necessary to prevent injury to other individuals or to safeguard the public; in short, to exercise what is comprehended under the term "police power." It is true

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that the government was not rigidly confined to these limits, but whenever it undertook to go beyond them it assumed the burden of showing clearly the necessity for so doing. The whole philosophy found its extreme expression in the Jeffersonian aphorism — "That government is best which governs least," while Lord Macaulay's terse summary was, "The primary end of government is the protection of the persons and property of men."

Of course with the tremendous increase in the extent and complexity of our social, economic, and political activities, alterations in the scope and additions to the extent of governmental operations become inevitable and necessary. To this no thoughtful person objects, but unfortunately the governmental incursions into the new territory are being extended beyond the limits of necessity and even beyond the bounds of expediency into the domain of doubtful experiment.

When Vices Become Crimes

There is, to begin with, an increasing disposition to give authoritative direction to the course of personal behavior — an effort to mold the conduct of individuals irrespective of their differing views, habits, and tastes to the pattern, which for the time being has received the approval of the majority. Under this process we are losing our sense of perspective. We are constantly bringing the petty shortcomings of our neighbors into the foreground so that the evil becomes overemphasized, while the noble proportions of the good are minimized by being relegated to the background. We have developed a mania for regulating people. We forbid not only evil practices, but we are beginning to lay the restraining hand of law upon practices that are at the most of only doubtful character. We not infrequently fail to distinguish between crimes and vices, and we are beginning almost to put in the category along with vices and offensive habits any behavior which happens to differ from our own.

I do not, for example, question the moral right of the majority to forbid the traffic in intoxicating liquor, nor its wisdom in doing so. No doubt the world would be better off if the trade were entirely abolished, but some of the states have recently gone to lengths hitherto undreamed of in penalizing the mere possession of intoxicating liquor and — since no one can use liquor without having the possession of it — thereby penalizing its personal use no matter how moderate such use may be. To put the consumer of a glass of beer in the penitentiary

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along with the burglar and the highwayman is to sacrifice all the wholesome distinctions which for centuries have separated debatable habit from indisputable crime. Such legislation, to say the least, constitutes a novel extension of the doctrines of penology.

Hitherto, laws on the subject have taken the form of prohibiting and penalizing the traffic, but not the personal use, which seems to have been quite generally regarded as falling outside the scope of the criminal law. The use of intoxicants or tobacco, however injurious to the user, has not generally been thought to involve the element of immorality. Hence the attempt to coerce an abandonment of such use by punitive legislation directed against the user, however desirable the result itself may be, will inevitably run counter to the sentiment, still rather widely entertained, that the imposition of criminal penalties for any purely self-regarding conduct, can only be justified in cases involving some degree of moral turpitude.

Legislated "Goodness"

It does not require a prophet to foresee that laws of this character exacting penalties so utterly disproportionate to the offense, can never be generally enforced, and to write them into the statutes to be cunningly evaded or contemptuously ignored will have a strong tendency to bring just and wholesome laws dealing with the liquor question into disrepute.

It is sometimes a matter of nice discrimination to determine, as between the liberty of the citizen and the supposed good of the community, which shall prevail. The liberty of the individual to control his own conduct is the most precious possession of a democracy and interference with it is seldom justified except where necessary to protect the liberties or rights of other individuals or to safeguard society. If widely indulged, such interference will not only fail to bring about the good results intended to be produced, but will gravely threaten the stability and further development of that sturdy individualism, to which is due more than any other thing our present advanced civilization.

In passing legislation of this character, doubts should be resolved in favor of the liberty of the individual, and his power to freely determine and pursue his own course in his own way should rarely be interfered with, unless the welfare of other individuals or of society clearly requires it. "Human nature," says Mill, "is not a machine to be built after a model, and set to do exactly the work prescribed for it, but a tree which requires to grow and develop itself

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on all sides, according to the tendency of the inward forces which make it a living thing."

Human nature is so constituted that we freely tolerate in ourselves what we condemn in others, and we are prone to condemn traits of character in others simply because we do not find the same traits in ourselves. Very often the evil is in the eye of the beholder rather than in the thing beheld, for he is a man of rare good sense who can always distinguish between an evil thing and his own prejudices.

Self-Discipline Outlawed

One objection to governmental interference with the personal habits, or even the vices of the individual, is that it tends to weaken the effect of the self-convincing moral standards and to put in their place fallible and changing conventions as the test of right conduct, with the consequent loss of the strengthening value to the individual of the free exercise of his rational choice of good rather than evil. *Enforced* discipline can never have the moral value of *self*-discipline, since it lacks the element of cooperating effort on the part of the individual which is the very soul of all personal advancement.

We may, therefore, well pause to consider whether the benefits which will result to society from a given interference of this character are sufficiently important to compensate for the loss of that fine sense of personal independence, which more than any other quality has enabled the Anglo-Saxon race to throw off the yoke of monarchical absolutism and substitute democratic self-government.

It must not be forgotten that democracy is after all but a *form* of government whose justification must be established in the same way that the justification of any other form of government is established; namely, by what it does rather than by what it claims to be. The errors of a democracy and the errors of an autocracy will be followed by similar consequences. A foolish law does not become a wise law because it is approved by a great many people. The successful enforcement of the law in a democracy must always rest primarily in the fact that on the whole it commends itself to a universal sense of justice, shared even by those who violate it.

Any attempt, therefore, to curtail the liberties of the citizen, which shocks the sense of personal independence of any considerable proportion of the community is likely to do more harm than good, not only because a strong feeling that a particular law is unjust lessens in some degree the reverence for law generally, but because

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such a law cannot be successfully enforced, and a law that inspires neither respect for its justice nor fear for its enforcement is about as utterly contemptible a thing as can be imagined.

Burgeoning Bureaucracy

Another thing which may well give concern to thoughtful men is the tremendous increase during late years in the number and power of administrative boards, bureaus, commissions, and similar agencies, the insidious tendency of which is to undermine the fundamental principle upon which our form of government depends; namely, that it is "an empire of laws and not of men"; the meaning of which is that the rights and duties of the individual as a member of society must be defined by pre-established laws and not left to be fixed by official edict as they may be called into question from time to time. The American people have heretofore enjoyed a greater freedom from vexatious official intermeddling and arbitrary governmental compulsion than perhaps any other people in the world. Despotism has found no place among us because we have been subject to no restraint save the impartial restraint of the law, which has thus far stood superior to the will of any official, high or low.

It is not enough, however, that we should continue free from the despotism of a *supreme* autocrat. We must keep ourselves free from the *petty* despotism which may come from vesting final discretion to regulate individual conduct in the hands of lesser officials. To this end the things which organized society exacts from its members must be particularized as far as practicable by definite and uniform rules. Liberty consists at last in the right to do whatever the law does not forbid, and this presupposes law made in advance – so that the individual may know before he acts, the standard of conduct to which his acts must conform – and interpreted and applied after the act by disinterested authority – so that the true relation to one another of the conduct and the law may be clearly ascertained and declared.

It is, therefore, of the utmost importance that the authority which interprets and executes the law should not also be the authority which makes it. The law must apply to all alike. The making of law is an exercise of the *will* of the state; the interpretation and application of the law is an exercise of the *reason* of the judge. The legislator concerns himself with the question, Is the proposed law just in its general application? The official who administers the

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law has nothing to do with the abstract question of its justice; his function is to ascertain what it is and whether it has been violated. The two functions are so utterly different that the necessity of vesting them in separate hands has been long recognized. To confer upon the same man, or body of men, the power to make the law and also to administer it would inevitably result in despotic government by substituting the shifting frontiers of personal command for the definite boundaries of general, impersonal law. "The spirit of encroachment," said Washington in the Farewell Address, "tends to consolidate the powers of all the departments in one and thus to create, whatever the form of government, a real despotism."

Regulation of Business

The danger, therefore, which is threatened by the multiplication of bureaus and commissions consists in the commingling of these powers. The authority conferred upon these administrative bodies is becoming less and less limited. The jurisdiction to deal with particular subjects involving the conduct of individuals is conferred in terms which tend to become increasingly indefinite. . . .

Not only are the business activities of the country being investigated, supervised, directed, and controlled in such a multitude of ways that the banker, the merchant, and the men of industry generally are afloat upon a sea of uncertainty where if they succeed in avoiding the mines of dubious statutes by which they are surrounded, they are in danger of being blown up by an administrative torpedo, launched from one of the numerous submarine commissions by which the business waters are everywhere infested, but the government is invading and is threatening to more seriously invade the market place itself, not as a regulator, but as a participant and competitor. We seem to be approaching more and more nearly the point where the old philosophy that whatever can be done by the individual should not be done by the government even though it may be well done, is to be abandoned for the new and dangerous doctrine that whatever can be done by the government, even though it may be badly done, should not be permitted to the individual. . . .

The regulation and control of merely self-regarding conduct, the multiplication of administrative boards and similar agencies and the invasion of the field of private business, which I have thus far particularized, illustrate rather than enumerate the various tend-

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encies of modern legislation and government to depart from those sound and wholesome principles which hitherto have been supposed to operate in the direction of preserving the individual against undue restraint and oppression.

Class legislation, the most odious form of legislative abuse, is by no means infrequent. In state and nation statutes are to be found which select for special privilege one class of great voting strength or set apart for special burdens another class of small numerical power at the polls.

Separation of Powers

Next to the separation and distribution of the legislative, executive, and judicial powers, the most important feature of our plan of government is the division of the aggregate powers of government between the nation and the several states, to the one by enumeration and to the other by reservation. I believe in the most liberal construction of the national powers actually granted, but I also believe in the rigid exclusion of the national government from those powers which have been actually reserved to the states. The local government is in immediate contact with the local problems and should be able to deal with them more wisely and more effectively than the general government having its seat at a distance. The need of preserving the power and enforcing the duty of local self-government is imperative, and especially so in a country, such as ours, of vast population and extent, possessing almost every variety of soil and climate, of greatly diversified interests and occupations, and having all sorts of differing conditions to deal with.

There is, unfortunately, however, a constantly growing tendency on the part of the general government to intrude upon the powers of the state governments, more by way of relieving them from responsibilities they are willing to shirk than by usurping powers they are anxious to retain. Especially does any inroad or suggested inroad upon the federal treasury for state purposes meet with instant and hearty approval. The grave danger of all this is that the ability as well as the desire of the people of the several states to carry their own burdens and correct their own shortcomings will gradually lessen and finally disappear, with the result that the states will become mere geographical subdivisions and the federal character of the nation will cease to exist save as a more or less discredited tradition.

These and many other matters afford temptation to further discussion to which I cannot yield

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without undue trespass upon your patience, which I feel has already been quite sufficiently taxed.

Human Dignity and Property

Fifty years ago a great French writer—Laboulaye, I think it was — speaking through the lips of one of his American characters, uttered these words of wisdom and of power, words which are as true today as they were when they were written:

> The more democratic a people is, the more it is necessary that the individual be strong and his property sacred. We are a nation of sovereigns, and everything that weakens the individual tends toward demagogy, that is, toward disorder and ruin; whereas everything that fortifies the individual tends toward democracy, that is, the reign of reason and the Evangel. A free country is a country where each citizen is absolute master of his conscience, his person, and his goods. If the day ever comes when individual rights are swallowed up by those of the general interest, that day will see the end of Washington's handiwork; we will be a mob and we will have a master.

It is now as it has always been, that when the visionary or the demagogue advocates a new law or policy or scheme of government which tends to curtail the liberties of the individual, he loudly insists that he is acting for the general interest and thereby surrounds his propaganda with such a halo of sanctity that opposition or even candid criticism is looked upon as sacrilege.

But the time has come when every true lover of his country must refuse to be misled or overawed by specious claims of this character. Individual liberty and the common good are not incompatible, but are entirely consistent with one another. Both are desirable and both may be had, but we must demand the substance of both and not accept the counterfeit of either. Crimes, we are told, have been committed in the name of liberty. But either the thing that was called a crime was no crime or the name of liberty was profaned, as though one should become an anarchist in the name of order.

Liberty and order are the two most precious things beneath the stars. The duty which rests upon us of this generation is the same that has rested upon all the generations of the past; to be vigilant to see and absolute to repel every attempt, however insidious or indirect, to destroy liberty in the name of order, or order in the name of liberty, for the alternative of the one is despotism and of the other the mob. ◈

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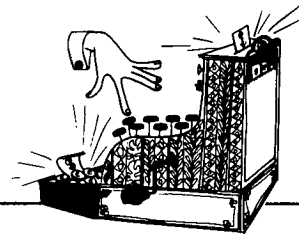
Private Enterprise in the Public Interest



from the 1965 Annual Report of the United States Steel Corporation.

PRIVATE ENTERPRISE is freedom to produce and sell, and freedom to buy and consume; and the consumer, as well as the producer, is an integral part of the private enterprise system – indeed, the consumer also is in a way a private enterpriser. As an economic system, private enterprise is characterized by competition, open markets, private ownership, and private initiative. Producers take production initiative on the basis of price and profit-and-loss signals essentially given by consumers.

Thus on the firing line of open competitive production is the business firm – an individual or a group of individuals. The firm pools the savings and plans of investors and the talents and energies of employees with the expectancy of meeting some particular demand of the consumers and with the hope of earning a profit for the owners. To prosper – indeed to survive – the firm must serve the public, that is, the public interest. But running a business is a risky operation as the public is a hard taskmaster, quick to switch its life-or-death patronage from any firm it deems lacking.

Private enterprise is open to all comers. Anybody with an idea for enterprise and the requisite capital is free to start a business. Quite a few people, some even without any money of their own, have had such ideas. In fact, there are now some 11 million businesses, including farms, in the United States. The overwhelming proportion are sole proprietorships and partnerships and only about 11 per cent of the total are corporations. . . .

The Consumer's Interest

The consumer's interest in private enterprise is in getting more

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and more for less and less – with maximum freedom of choice. So naturally the consumer – Mr. Everybody, the entire American public – is keenly interested in private enterprise, because private enterprise is the consumer's servant, and consumer choice is the heart of private enterprise.

Thus through the cash register or company order book, through his power of purchase or nonpurchase, the customer speaks to and – in the sense that actions speak louder than words – for American business. Moreover, he possesses virtually an absolute veto over every major decision of a firm. He largely decides the public interest in private enterprise because, collectively, he is the public – as well as a key participant in the business system.

His power is crucial. Every cost of doing business – every tax, wage, salary, fringe benefit, material cost, interest payment, and so on – must be ultimately sought from one and only one source, the cost-aware customer.

His purchase therefore sanctions a firm's prices, makes production and jobs possible, and sustains the very life of the business. In effect he assigns profits to those firms he deems in his interest – the public interest – and these firms prosper and expand. At the same time he assigns losses to those firms he deems not in his interest – the public interest – and these firms, unless they mend their ways, weaken and eventually fail. Thus, under private enterprise it is said, wisely, that the customer is king – the consumer is sovereign.

To be sure, consumer sovereignty is not absolute; the producer also has freedom of choice. He can choose his industry or field of endeavor, where and how he wishes to operate, the prices he would like to get, but in the long run he cannot sell below cost nor above competitive prices. Nevertheless, it is the consumer who ultimately decides in effect what and how much will be produced, by whom, and at what price it will be sold.

Another point on the consumer's interest: The marketplace is democratic to an almost unimaginable degree in the political realm. Every day is Election Day in the market. Each purchase is a vote, and a company's sales is its tabulation of consumers' ballots, the customers' dollar. For each company there is neither tenure nor a fixed term of office. A big business can be voted small, a small business can be voted big, and any business can be voted out of office.

So through his dollar votes the consumer, who may also be an

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employee or investor or both, ever adjusts supply — and suppliers — to demand, to the public interest.

The Employee's Interest

The employee's interest in private enterprise is his job, for it is the source of his well-being. He too is keenly interested in maximum freedom of choice. He is born a free man in a country in which opportunity and equality of opportunity are unexcelled in the world. He can choose his career from available opportunities, decide how hard he wishes to pursue it, select where to live and work. These are his personal decisions.

Naturally, he is also interested in business growth, which means job opportunity growth and wage and salary growth. American wage and salary scales are far and away the highest in the world, and the job-sustaining and job-creating ability of the private enterprise system, for all the talk of automation, has never been in greater evidence.

He should likewise be interested in profits. Some assert that wages and profits are in opposition, that profits exist only at the expense of wages. Nothing could be further from the truth. Private enterprise is based on competition and cooperation —- not conflict. Labor and capital are in natural partnership — each is dependent upon the other. And from the employee's point of view, the more capital the better; and since profit attracts capital, the more profit the better. For capital is the key to productivity, and out of improving productivity alone comes all continuing real wage and salary improvement as well as gains to consumers, governments, and investors.

Little wonder, then, that capital investment per employee in America clearly exceeds capital investment per employee in all other countries. It follows that American wages and employee benefits arise out of America's tremendous capital productivity which, in turn, arises out of the private enterprise system. Plainly, these wages and benefits — and job opportunities — are not bestowed by benevolent governments nor, for that matter, by aggressive union leaders or magnanimous business employers.

The consumer in the final analysis is the real employer; his purchase creates job opportunities. It is his dollar that meets the payroll. It is his nonpurchase which rejects uneconomic wage scales or shoddy workmanship, and workers so rejected may well find little consolation in being the highest-priced and most unemployed workers in the world. So, in a very real sense,

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the employee doesn't work for the employer; he works for the consumer.

Thus job-creation will continue to go on, provided wage rates are responsive to the consumer's interest; provided savers and investors, in their investment function of providing tools, have the incentive to go forward; and provided the intricate price mechanism that governs the billions of daily transactions through innumerable continually changing prices in the American economy remains self-governing.

The Government's Interest

The government's interest in private enterprise should be in the vitality of business. Business can prosper, economic growth can continue, and tax revenues can be sustained only when essential governmental duties are properly performed. Such duties include maintaining law and order, safeguarding property and contracts, and securing the individual from violence from within or without.

But governments can overreach themselves and set back the cause of "Life, Liberty, and the pursuit of Happiness." For the tendency of governments throughout history has been to assume supreme economic insight, to inflate the money supply, to introduce rigidity ("stability") into economic affairs, to favor some groups at the expense of others, to fix "reasonable" prices and "reasonable" profits; in short, to intervene in normal everyday business decisions and upset the entire competitive mechanism, all too frequently in the name of "the public interest."

The Investor's Interest

The investor's interest in private enterprise is in putting his money to work profitably. This is vital to him, to private enterprise, to government, and to the entire American society. He is one of millions of direct investors, including 20 million shareholders, who have supplied job-creating capital to business through risking their savings. In addition, he is one of more than 100 million indirect investors who, through their savings deposits, insurance policies, and pension fund participation, invest in American business.

The investor's key problem: He must decide where and how to invest. In this he is motivated by powerful, if quite different, drives — the hope of gain and the fear of loss. The investor readily recognizes that management plays a crucial role, that enterprise and risk go hand in hand, that today's return on operations could turn into tomorrow's loss.

Importantly, however, the in-

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vestor is not committed to his investments. He is also a free agent — most willing to hold or even increase his investments when he deems their yields right and risks reasonable. But, at the same time, whenever he thinks yields are unsatisfactory or risks too great, he can switch his investments — sell his stocks, bonds, or properties and use the proceeds for other investments — or, if he lacks confidence in the future, he may not invest at all. In any event, investing or disinvesting, he keeps a constant watch on profitability which, as noted, is essentially a signal from consumers.

Through the profit incentive, then, comes a mighty flow of invested savings: the capital that makes modern private enterprise possible; that keeps it on its toes; that provides employees with tools — factories and machinery — which make job opportunities, high productivity, and high wages a reality; that enables producers to furnish the goods and services which the consumer desires at prices he is willing to pay. Thus, three factors of overriding importance govern the investor's interest: savings, confidence in the future, and the prospect of profit.

Thus, private enterprise and the decisions of private enterprise — decisions shared by all Americans — inherently and most democratically reflect the public's wishes, the public's interest. Interference with the decisions of private enterprise in the name of the public interest thus amounts, ironically, to interference with the public interest. For the decisions of private enterprise are the decisions of the people, by the people, for the people. ◈

IDEAS ON LIBERTY

Political Decisions

THE EXPANSION OF GOVERNMENT to its present scale has politicalized virtually all economic life. The wages being paid most workers today are political wages, reflecting political pressures rather than anything that might be considered the normal working of supply and demand. The prices farmers receive are political prices. The profits business is earning are political profits. The savings people hold have become political savings, since their real value is subject to abrupt depreciation by political decisions.

SAMUEL LUBELL, *The Future of American Politics*

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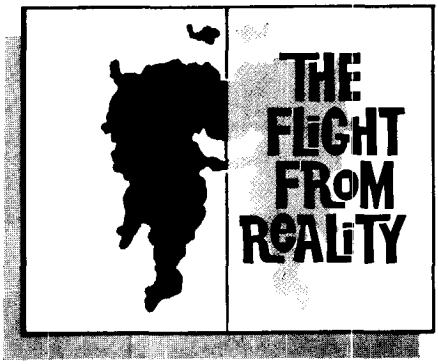

21. The Bent to Destruction

CLARENCE B. CARSON

THE LORELEI is a rock with an unusual echo, in the Rhine River near St. Goar. There is an old legend surrounding the sounds emitted from this rock: the Song of the Lorelei. The legend is to the effect that a maiden who had been betrayed by a faithless lover threw herself into the river. She was turned into a siren, and her song has since that time lured fishermen to their destruction against the rock. There is a connection between this tale and the myth of Holda, the queen of the elves. The man who beholds Holda loses sight of reason. If he listens to her, he is compelled to wander with her forever.

This legend provides a kind of parable for our era. And it is appropriate at this point in the account to turn to story, legend, and myth. Rational analysis of the data of history can provide us with a great deal of information and explanation about *how* we came to be where we are at present. Yet, reason and evidence are inadequate to the task; at least, the facts which this writer has in hand and his reason are inadequate to the task of describing the movement toward the triumph of reformism in America. Much as has been told, there is more that has not, or has been touched upon only lightly. Many aspects of the development and spread of ideas and methods of reform have not been described. Yet, the time has come to bring this aspect of the story to an end. This requires a summary that will hold the move-

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ment up whole and grasp its character. We still want to know *why* reformers have been so determinedly attached to their effort, even in the face of the near obvious contradictions involved. For grasping things whole, reason is the wrong instrument. It proceeds by taking things apart, not by wholes. The nearest man comes to talking about things whole is by way of parable, story, poem, legend, and myth. Men have ever had a penchant for these tools of simplicity by which to see things whole, even though such accounts lack precision.

The Vision of Utopia

The song of the siren, the lure which has led reformers on and the lure they have held out to others, has been the vision of the good society they would create for the future. It has been a vision of peace, plenty, and progress, of a time when all struggle and tension would be removed from this world, when felicity and goodness would reign without end. The vision, fabricated by utopians, embedded in an historical eschatology by ideologues, rendered into a kind of idealism by philosophers, described in glowing terms for the vulgar by politicians, finally has become a mirage which men see just before their eyes. The vision has such powers of attraction that before it men do indeed lose sight of reason and wander hither and yon over the face of the earth seeking devices to fulfill it.

The rock upon which the reformers are continually shipwrecked is, above all, human nature and the nature of the universe. The projections from the rock may be described in many ways, however. They are the attempts to apply force to the accomplishment of ends which can only be achieved by willing consent. They are the tendencies to concentrate power and to leave it unchecked in the hands of men. They are the treatment of men as if they were things.

But why, it may be asked, if the boats launched by reformers are one after another and time and again foundering upon the same rock, are markers not placed around the rock and why do not pilots take care to avoid it? We know, of course, from earlier exposition that reformers have cut themselves off from their experience; they have deactivated history. But the answer runs deeper than this. The answer will not be believed at first, for it appears incredible. The reformers will the destruction: part of it intentionally, part of it unintentionally through the methods that they employ.

The reformist effort does founder upon the rock of human nature,

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but that is only part of the story. Reformism appeals to something deep and enduring in human nature. Reformism appeals to the desire to destroy, the desire to build or reconstruct, and the will to power. (The latter – the will to power – will not be discussed at this point in the account.) Thus far, the story of the flight from reality has been told largely in terms of the vision of a reconstructed society which has lured men on. Destruction, however, is what we encounter when we follow the trail left by reformers. In the wake of reformers we find customs and traditions trampled upon, sacred beliefs gutted and lifeless, institutions toppled, constitutions rifled, the wreck and ruin of economies, and the lives of peoples in disarray because of the dissolution of moral codes.

These things are justified in the ethos of the reformer, for the destruction is claimed to be the necessary clearing away of the rubble that must precede the reconstruction. That they are destroying when they claim to be building also is not clear to them. My point here is that destruction is not simply a device for getting rid of the old, not merely an unintended consequence of the methods employed and the ends sought, but part and parcel of the appeal of the reformist effort.

Civilizing Inhibitions and the Urge to Destroy

I suspect that each of us has within his breast a desire to wreck, to plunder, to lay waste, to make havoc – in a word, to destroy. It may be tamed by civilization, be held in abeyance by the threat of punishment, be inactivated by the Grace of God, but it is nonetheless there. Some find innocuous ways for it to come out. They follow the fire trucks to the scene of the fire to watch the building burn. They line the highway in the vicinity of a collision of automobiles in order to view the wreckage. They stand on the sidewalks and peer up at the work of men who have been employed to wreck old buildings. Other men find more subtle ways to express their urge to destroy. They defame men, denigrate conventions, make wisecracks, write satires, hold up to scorn, sneer at, and make fun of things held sacred by others. When civilizing inhibitions are removed, the bent to destruction in men comes out ever more violently, as those who have participated in wars may testify.

Reformism (and its more lethal companion, revolution) focuses attention upon and sanctions destruction in an area that is particularly rewarding for the release of the bent to destruction. It sanctions as assault upon civilization itself. Every person of any spirit

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and initiative must have felt the galling burden of customs, of traditions, of rules, of regulations, of the mysterious imperatives of an adult world when he was growing up. Many surely have resented the restrictions that private property represent, the limitations that the rights of others impose upon them, the hardness of the discipline imposed upon them by having to learn the structure of the language, the workings of mathematics, and the lessons of history. Any healthy child surely can think of more exciting things to do than sit in a church or a schoolroom. The young child knows only the order that is exemplified and imposed upon him by adults. This order will seem arbitrary and capricious to him quite often; he would not be equipped to understand it if it were explained to him, and the adults who accept the order often have not thought it out themselves. The child does not even know his own nature, much less that of the universe; instead, he feels his impulses strongly and hardly understands why he cannot follow their promptings.

The resentment of and resistance to the restraints of civilization usually reaches its peak in adolescence when the youth is being pressed into the role of manhood. He must learn to subdue his impulses himself, must undergo the disciplinary rigors of learning to do some job, must prepare himself for the responsibilities that attend being an adult. Ahead of him looms the routine and order into which the lives of men must fall if they are to be effective.

Reformist Appeals to the Adolescent in Man

The reformer (or revolutionary, as the case may be) offers a most attractive alternative to this prosaic ordering of one's life. He holds out the prospect of casting off the galling restrictions, leaving behind the authority of the past, having done with that which hampers and restrains the full and free development of personality. He offers a license to the adolescent – and some of the adolescent remains in men – to lash out and destroy the appurtenances of civilization which have so often set unwanted bounds to his activities. More, when he has destroyed the old, he can build a new society in keeping with his wishes. Thus does the reformer conjure up a prospect that appeals both to the delinquent and the constructive in us. We have been studying the development of a mental outlook which, when accepted, perpetuates this moment of adolescence throughout life and within which the vision of the reformer appears attainable.

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Turgenev Points the Problem

The bent to destruction of reformist intellectuals was pinned down and imaginatively portrayed by Russian novelists in the latter part of the nineteenth century. It is ironic, in view of later developments, that it should have been Russians who saw with such luminous clarity the nature of the ill that was even then becoming epidemic among intellectuals. The bent to destruction reaches its *intellectual* epitome in a nonphilosophy called nihilism. Ivan Turgenev laid bare this particular viewpoint in 1862 in the novel, *Fathers and Children* (also called, sometimes, *Fathers and Sons*). It is a novel of ideas, but it is not simply a novel of ideas. Turgenev tells an engrossing story with characters who come alive on the pages of the novel.

The novelist takes for his theme a universal condition: the differences between the older and younger generations and the conflicts that arise from them. But it is particularized as to time, place, and people. The setting is in the provinces of Russia, and the time is past the mid-point of the nineteenth century. The parents are landlords and would-be liberals of the nineteenth century variety. They would have their sons believe that they believe in and practice the new ways. Both fathers involved are eager to hold on to the affections of their sons, anxious to please them, and cautious about doing or saying anything that might alienate them. Yet they are men of tradition, also; their liberalism has not cut them off from their past. It has only made them uncertain about taking a stand against any change or any new viewpoint.

The sons are home for the summer from college. There are two families involved in the story, the Kirsanovs and Bazarovs. Young Kirsanov has just graduated from college. Bazarov is a young physician who has not yet completed his work at the university. Bazarov is the nihilist, and, when the story begins, Kirsanov is his worshipful disciple. Bazarov is a veritable bull in the delicate china shop of human relations. He proudly proclaims in the presence of the elder Kirsanovs that he is a nihilist, or rather young Kirsanov does for him.

"A nihilist," said Nikolai Petrovich [Kirsanov, the father]. "That comes from the Latin *nihil, nothing*, as far as I can judge; the word must mean a man who . . . recognizes nothing?"

"Say – who respects nothing," interposed Pavel Petrovich [Kirsanov, an uncle] and lowered his knife with the butter on it.

"Who regards everything from the

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critical point of view," said Arkady [young Kirsanov].

"Isn't that exactly the same thing?" asked Pavel Petrovich.

"No, it's not the same thing. A nihilist is a person who does not bow down to any authority, who does not accept any principle on faith, however much that principle may be revered."[1]

Bazarov takes up the delineation of his view a little farther on in the story.

"A decent chemist is twenty times more useful than any poet," interrupted Bazarov.

"Oh, indeed!" remarked Pavel Petrovich...."So you don't acknowledge art?"

"The art of making money or of advertising pills!" cried Bazarov, with a contemptuous laugh.

"Ah, just so; you like joking, I see. So you reject all that. Very well. So you believe in science only?"

"I have already explained to you that I don't believe in anything; and what is science – science in the abstract? There are sciences, as there are trades and professions, but abstract science just doesn't exist."[2]

Elsewhere, Bazarov explains his position more fully.

"We act by virtue of what we recognize as useful," went on Bazarov. "At present the most useful thing is denial, so we deny –"

"Everything?"

"Everything."

"What? Not only art, poetry . . . but . . . the thought is appalling . . ."

"Everything," repeated Bazarov with indescribable composure. . . .

"But allow me," began Nikolai Petrovich. "You deny everything, or to put it more precisely, you destroy everything . . . But one must construct, too, you know."

"That is not our business . . . we must first clear the ground."[3]

The Object Is Reform

We learn eventually, however, that nihilism does have a function; it is preparing the way for reform. This time the conversation is between Bazarov and a woman. Bazarov has been maintaining that all people are essentially alike, that significant differences are the product of disease or poor education. He continues:

". . . We know more or less what causes physical ailments; but moral diseases are caused by bad education, by all the rubbish with which people's heads are stuffed from childhood onwards, in short, by the disordered state of society. Reform society, and there will be no diseases. . . ."

"And you suppose," said Anna Sergeyevna, "that when society is reformed there will be no longer any stupid or wicked people?"

"At any rate, in a properly or-

[1] Ivan Turgenev, *Fathers and Children*, intro. Ernest J. Simmons (New York: Rinehart & Co., 1948), p. 24.

[2] *Ibid.*, p. 28.

[3] *Ibid.*, p. 56.

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ganized society it will make no difference whether a man is stupid or clever, bad or good."

"Yes, I understand. They will all have the same spleen."

"Exactly, madam."[4]

Bazarov's stance is that of a god. He views all beings as objects. Even human beings are objects to be studied and discerned just as all other objects. The differences between men and frogs are unessential to him. He makes this clear in a conversation with peasants while he is hunting frogs for his experiments.

"What do you want frogs for, sir?" asked one of the boys.

"I'll tell you what for," answered Bazarov . . . ; "I shall cut the frog open to see what goes on inside him, and then, as you and I are much the same as frogs except that we walk on legs, I shall learn what is going on inside us as well."[5]

Bazarov makes it clear in other connections that this is to be taken literally. What goes on inside people is either physical or it is of the nature of illusion. Faith is an illusion. Principles are only illusions. Even the sentiment of love is an illusion; it is all a matter of sex, which is all a matter of physiology. It follows from this that human beings are to be studied, manipulated, and made to conform to the correct pattern as are other things. Such are the premises from which melioristic reform (as well as revolution) must proceed. Sociology is the instrument for studying the ills of society and correcting them just as medicine is that for studying the body (though Bazarov does not say so). The god-like stance of Bazarov, the clinical attitude, the lack of emotion, the treating of all beings as objects, the absence of all values (except for the ultimate one of a reconstructed society), the use of nature in the existential sense as a model, are the appropriate tools for the social reformer.

Mortal, After All

But Bazarov was not a god, any more than other men are. Arkady Kirsanov assured Bazaroy's father that his son would be a great man some day. Not in medicine, most likely, but in some broader field where his talents would have full play. Perhaps in government service, who knows? None of this was to be. Even before the end, there are many intimations that Bazarov is only a man, culture bound and limited, moved by those passions that spring from the deeper nature of man, living in a universe that is not fundamentally altered by genius and talent. Although his

[4] *Ibid.*, p. 95.

[5] *Ibid.*, p. 21.

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ideas would place him above such things, Bazarov fought a duel with Arkady Kirsanov's uncle. Nor did he evade the fate of most humans; he fell in love, blindly, irrationally, and passionately. Even in his relations with his parents, he showed more sensitivity than his ideas would warrant. To the extent that he falls short of living up to his ideas he becomes understandable and almost a character with whom we can sympathize.

Bazarov dies at the end of the book. He dies young, even in that same fateful summer away from the university. The cause and manner of his death are prosaic enough. He has assisted a physician in performing an autopsy on a typhus case. In so doing, he cut himself, and the medical instruments were filthy enough if they had not been employed on the matter in hand. In consequence, he gets blood poisoning and dies. There is nothing out of the ordinary in all this. After all, Bazarov was a physician, a man of medicine, a student, and might be expected to avail himself of any opportunity to advance his skill. He had not, as he explains, had an occasion to open up a man before. Yet all of these details are joined to the main theme and bring it to its appropriate conclusion. There is no civilized act that more aptly demonstrates the treatment of the human body as an object than the performing of an autopsy. There is no more common instance nor better illustration of human weakness than of a man cutting himself with a sharp instrument. The god-like Bazarov had succumbed to this weakness in the very area of his specialization. Nature makes no exceptions even for a Bazarov; germs enter a cut in his flesh and blood poisoning follows its course in him as for other men.

The skill of physicians cannot aid him in the end. He does receive solace in his last waking moments from the one he has loved, for she has come to be with him. The concluding conversation leaves little doubt of the author's point. Bazarov is speaking:

"Ah, Anna Sergeyevna, let's speak the truth. It's all over with me. I've fallen under the wheel. . . ."

". . . You see, what a hideous spectacle, a worm, half-crushed, but writhing still. Of course I also thought, I'll break down so many things, I won't die, why should I? There are problems for me to solve, and I'm a giant! And now the only problem of this giant is how to die decently, though that too makes no difference to anyone. . . ."

And, at last,

"Good-by," he said with sudden force, and his eyes flashed with a parting gleam. "Good-by . . . Listen

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. . . you know I never kissed you then. . . . Breathe on the dying lamp and let it go out."

Anna Sergeyevna touched his forehead with her lips.

"Enough," he murmered, and fell back on the pillow. "And now . . . darkness . . ."[6]

The giant had fallen; the god was dead.

"Crime and Punishment"

Fyodor Dostoevsky, another and more famous Russian novelist, illustrated the destructiveness and futility of the reformer in another way. He probably wrote more novels exploring the psyche of the reformer and revolutionary than has any other writer. But the particular novel to which I would refer is *Crime and Punishment*. The main character of the story is a student (or a former student, for he had dropped out of school) by the name of Raskolnikov. One of the main ideas which the novel explores is the possibility of doing good by first doing evil. (This is surely the central ethical problem for social reformers and revolutionaries, however much it may be obscured by subtleties.) The story, of course, is about a murder and a murderer; the murderer is Raskolnikov.

In the course of the novel, he murders an old woman, a pawnbroker. But before this occurs, while the idea is just taking shape in his mind, he overhears a student and a young officer discussing the justice of the murder of this old woman. They talk about how wealthy she is, how she gives her patrons only a small portion of the value of their articles, and how she sells them for many times what she has paid for them. Not only that but she has a half-sister, a much younger woman, who lives with her and whom she treats like a servant. Not only does the half-sister work for the old pawnbroker but she cooks, washes, sews, and serves as a charwoman for her. The pawnbroker already has made a will; its contents are known to the half-sister, who virtually has been disinherited. The bulk of the woman's wealth is to go to a monastery to pay the monks to pray for her. All of this prompts the student to remark that he "could kill that damned old woman and make off with her money, I assure you, without the faintest conscience-prick."

They then discuss the matter more seriously.

"Listen, I want to ask you a serious question," the student said hotly. "I was joking of course, but look here; on one side we have a stupid, senseless, worthless, spiteful, ailing, horrid old woman, not simply useless but doing actual mischief, who has

[6] *Ibid.*, pp. 225-26.

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not an idea what she is living for herself, and who will die in a day or two in any case. . . .

"Well, listen then. On the other side, fresh young lives thrown away for want of help and by thousands, on every side! A hundred thousand good deeds could be done and helped, on that old woman's money which will be buried in a monastery! Hundreds, thousands perhaps, might be set on the right path; dozens of families saved from destitution, from ruin, from vice, from the Lock hospitals – and all with her money. Kill her, take her money and with the help of it devote oneself to the service of humanity and the good of all. What do you think, would not one tiny crime be wiped out by thousands of good deeds? For one life thousands would be saved from corruption and decay. One death, and a hundred lives in exchange – it's simple arithmetic! Besides, what value has the life of that sickly, stupid, ill-natured old woman in the balance of existence! No more than the life of a louse, of a black beetle, less in fact because the old woman is doing harm. She is wearing out the lives of others. . . ."[7]

The officer agrees that the woman does not deserve to live, but, then, he announces, somewhat ambiguously, that her living is a matter of nature, that, in effect, there is nothing to be done about it. The student will take no such answer. He says,

"Oh, well, brother, but we have to correct and direct nature, and, but for that, we should drown in an ocean of prejudice. . . ."

The officer has had enough of abstractions and so he puts the obvious question:

"You are talking and speechifying away, but tell me, would you kill the old woman *yourself*?"

"Of course not! I was only arguing the justice of it. . . ."[8]

The student is the perfect example of the reformist intellectual. He would not personally steal and kill; he would not use terror and violence to effect his ends. But if it were done, he could see the justice of it.

Raskolnikov, who had listened to this talk with mounting excitement, lacked the intellectual's schizophrenic capacity to objectify a situation in such a way as to make evil appear good and then to deny that it is good and proper when applied to the private and personal level. Raskolnikov was on the verge of insanity, if not actually insane, but his was the insanity of subjectivism. The student was talking about what has come to be called social justice. His was that particular moral obtuseness, endemic in our era, that cannot

[7] Fydor Dostoevsky, *Crime and Punishment*, Constance Garnett, trans. (New York: Modern Library, no date), pp. 66-67.

[8] *Ibid.*, p. 67.

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or will not see that the moral character of an action is unaltered by raising it from an individual to a collective level. Raskolnikov, on the other hand, has the medically detectable variety of insanity; he has drawn so deeply within himself that the question posed can only be personal and individual. The student proposes that individual morality does not apply to social questions. Raskolnikov places himself outside morality, beyond good and evil, as Nietzsche phrased this position. The officer dismisses the question with the sane and common sense observation, "But I think, if you would not do it yourself, there's no justice about it." There is, in short, no essential difference between murder done by an individual acting on his own and murder done in the name of society. From this point of view, Raskolnikov's case becomes a test case for the social question as well as the individual one.

Raskolnikov does not commit murder for some great social end. It is not quite clear why he does it. He is in straitened circumstances; he long since has ceased paying his rent; he eats only occasionally; he has dropped out of school. His sister, as he sees it, is about to sacrifice herself for him by marrying a man who is well off. He could use the money that might be obtained by robbing the old pawnbroker.

At any rate, he does the deed, not a nice, hygienic, technologically proficient murder, but done in the most horrid manner imaginable, botched as might be expected of an amateur. The author spares the reader none of the gory details. Raskolnikov takes an axe to the old pawnbroker. He attempts to rob her, but while he is about the task the half-sister, Lizavetta, comes in, and he kills her, too, by splitting her head. He gets away with a few trinkets of little value, and these he does not use.

Raskolnikov has imagined that he will commit the perfect murder. He knows, as any reader of detective stories knows, that murderers are trapped by not attending to details. If they attended to details, he thinks, there is no reason why they should not get away with murder. He theorizes that they do not attend to these matters properly because their reason is eclipsed at the time they commit the crime. But Raskolnikov is committing no crime, or so he thinks. Therefore, he can be in full possession of his faculties.

It is not neglected details, however, that bring Raskolnikov to the bar of justice. He is agitated and careless enough. Probably Sherlock Holmes would have had more than enough trivia to solve

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the crime. But the policeman who finally gets Raskolnikov is no Sherlock Holmes. He is a student of the human heart and psyche. He knows that the penalties for crime are not just something artificially contrived society, that man has within his nature a need to pay these penalties. The criminal has by his act cut himself off from his humanity, from humanity, and from God. He cannot rest, at least Raskolnikov cannot, until he has confessed, repented, made retribution, and found atonement. Raskolnikov had committed a *crime*. He came to know that, and as he did he came to know the rightness of *punishment* also. No man is beyond good and evil; his very humanity is to be found in a life bounded by these poles. If he were continuing the story, the author says at the end, it would be "the story of the gradual renewal of a man, the story of his gradual regeneration, of his passing from one world into another, of his initiation into a new unknown life." It would, we gather, be the story of a man living in the consciousness of morality.

There is further interpretation to be made of this story, however. We are led to believe that we are dealing not only with the question of whether crime pays for an individual but whether it pays for larger social units. Of course, Dostoevsky might have put in the conversation between the student and the officer only as a piece of motivation for the actions of his main character. Had this been the only novel ever written by Dostoevsky, such an explanation might be acceptable. The conversation did motivate Raskolnikov. But Dostoevsky wrote other novels. We can know from some of them, at least, that the casuistry of reformist intellectuals was one of his main themes and a great concern of his work. It is much more plausible, then, as I have suggested, that Raskolnikov's story was a test case for the social question.

There seems to be a major flaw in the story, however, if it is to be taken as a test case. The student had suggested that it would be a justified action to kill the old woman. But Lizavetta was portrayed as the innocent victim of the pawnbroker's grasping meanness. It was her treatment of Lizavetta as much as or more than anything else that made her unworthy to live. Yet Raskolnikov killed the half-sister as well as the old woman. This act is plausible enough if we are dealing only with a murder by a man. If such a murder actually had taken place, it would have been quite possible for the innocent sister to have walked in and been slain also.

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But in the novel, Dostoevsky seems to have altered the happenings so much that they can no longer be applicable to the social question. The student had proposed no justification for killing Lizavetta. She was one of those who would, at least in theory, be aided by the murder. Why did not Dostoevsky so tell his story that it could be interpreted in such a way as to answer the social question?

My point is that he did. However he arrived at the conclusion, the author must have felt or known that the sister had to be killed also. The student had set forth only half of his proposition. He only held that the killing of the old pawnbroker could be justified. But the interior logic of his position leads to a question which few social reformers and revolutionaries have been willing to face, for when they do the inherent despotism of their position is revealed: namely, could the killing of those who are supposed to be helped be justified?

The Remaking of Man

Let us examine the inherent logic of the position of the social reconstructionist. The student in the novel said that nature must be changed and directed. This is the necessary position of both the meliorist and revolutionary. Taking men as they are and the situation as it is, the reforms cannot be made. Men must be remade; conditions must be changed. Choice must be taken away from men, for this leads to the conditions that are deplored, even to the existence of pawnbrokers. The initiative must be taken away from men. They must be deprived of their powers to do good and evil. The social planner must plan and direct things so that men will behave in the desired way to produce the desired ends. In brief, men as we know them must be destroyed; they must be deprived of their humanity. Men must be treated as objects or things, to be manipulated at the will of the planner. In a word, and speaking figuratively now, they must be killed.

The reformer no more divests men of their humanity, however, than Raskolnikov effectively robbed the old pawnbroker. He does cut himself off from his own humanity. By treating men as things, he wounds himself deeply. Reformist intellectuals have dreamed, above all, of ending their own alienation, of building a world in which they would be at home. Yet their approach to this by way of social reconstruction only increases the alienation, whether they are aware of it or not.

The prophetic warnings of the

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Russian novelists were not heeded. Much of history since their time has been the enactment of the consequences of ideas which they foresaw. Their beloved Russia has been a principle theater for such a bloodbath. The point is that the reformist effort has a twofold impact: the old way must be destroyed – that is one; and the other is that even when they attempt to build, they destroy instead.

Thus far, an account has been given of the development of ideas, their propagation, and the adoption of methods for reform. The consequences that follow upon the application of the ideas must be examined in a like manner, that is, from an examination of the historical record. The imaginings of novelists may not be believed.

Redemption Through Love

But before leaving the Russian novelists behind, there is something else we can learn from them. Neither Dostoevsky nor Turgenev wrote of reformers and revolutionaries simply to hold them up to scorn, to turn them into objects of hatred. They are men, too, not things, as we can learn from the pages of the novels. The Song of the Lorelei leads men to their destruction, but those most surely destroyed are the reformers themselves. Their great need is to be reclaimed for humanity, and that can be done, if at all, only by love. Turgenev said this in unforgettable language in the heart-rending final passage of *Fathers and Children*. Bazarov's old parents loved him dearly and could not forget him.

> . . . Often from the near-by village two frail old people come to visit it [the tomb of Bazarov] – a husband and a wife. Supporting one another, they walk with heavy steps; they go up to the iron railing, fall on their knees and weep long and bitterly, and gaze intently at the silent stone under which their son lies buried; they exchange a few words, wipe away the dust from the stone or tidy up some branches of a fir tree, then start to pray again and cannot tear themselves away from that place where they seem to be nearer to their son, to their memories of him . . . Can it be that their prayers and their tears are fruitless? Can it be that love, sacred devoted love, is not all powerful? Oh, no! However passionate, sinful or rebellious the heart hidden in the tomb, the flowers growing over it peep at us serenely with their innocent eyes; they tell us not only of eternal peace, of that great peace of "indifferent" nature; they tell us also of eternal reconciliation and of life without end.[9] ◈

[9] Turgenev, *op cit.*, pp. 232-33.

The next article in this series will discuss "Divide and Conquer."

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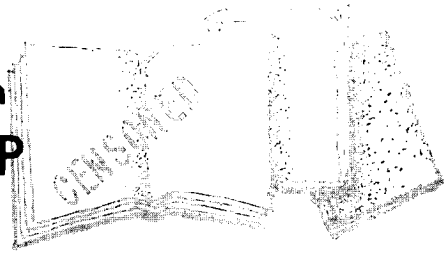
Some Thoughts On CENSORSHIP



EDMUND A. OPITZ

THE EFFORT to prevent people from obtaining certain kinds of reading matter on the grounds that its perusal may inflict damage on the minds exposed to it, springs from a "father knows best" psychology. Men of this persuasion assume that they know what is bad for people – even if the people themselves do not–and, further, that they are called upon to invoke statutory safeguards to prevent these latter from injuring themselves unawares. Paternalism is not limited to a concern for the purity of literature, however; the "father knows best" attitude is rampant in every sector of our society, and it is the key to the "liberal" mentality.

The liberal draws a clear distinction between himself and the average man. The average man, in his ignorance and innocence, is at the mercy of his employer; he is gulled by the hucksters of the advertising profession; he is regarded as fair game by the patent medicine men, food faddists, hidden persuaders, and other such extremists. The liberal, therefore, attempts to regulate industry, fix wages, control profits, enforce social security, and otherwise protect the consumer against the wily agents of Madison Avenue and the obscene lure of tail fins.

Now, if the average man is as helpless and undiscerning as the liberal makes him out to be, why shouldn't the liberal protect average minds by screening out the garbage from the avalanche of reading matter and theater fare which engulfs the public? If it is important that we have building codes to insure safe dwellings – because the occupant couldn't possibly tell whether his own house will withstand the next storm or

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not; and if the food we eat must have the government stamp of approval, and the clothes we wear conform to regulations, then why is it not more important to authenticate the purity of that which goes into the mind? Is not that which forms our ideas and opinions more important than the externals wherewith we are clothed and housed, and even more important than the meat-cereal ratio of a hot dog? It is, of course, infinitely more important. Then why provide political guarantees of the amount of beef in a frankfurter and ignore what enters a man's mind and soul via his eyes and ears?

Arguments in this vein are as old as time, and it took centuries for the idea of liberty to make headway against them. Despotism does not merely seek to control the external conduct of men; it knows that men may conform externally even while swallowing the revulsion that seethes beneath the surface. Despotism, therefore, must seek to control men's ideas and their thoughts. Once this is accomplished, then each inner-directed man will control his own conduct willy-nilly in accord with the planner's blueprint. More likely than not, this blueprint will include an over-all plan for the economy – perhaps in the form of guilds or castes or enforced occupational and professional groupings; and it will contain a long list of the citizen's political duties. One thing it will not contain, and that is a guaranteed private sphere of individual immunity from governmental invasions – an immunity which belongs to persons as a matter of inherent right. This is the hallmark of the free society.

From Either Direction

Obviously, then, paternalism, and the disposition to regulate the lives of other people which stems from it, tends toward total regulation, no matter whether it starts with externals or internals. The inner and outer aspects of the person do not exist in watertight compartments; start with thought control and the regulation of external actions follows inevitably, given time. Begin to regulate conduct and, because actions follow ideas, propaganda and the selection of reading matter are not far behind.

The paternalistic liberal is all for protecting the average man against the consequences of his follies in all external matters; but, paradoxically, when it comes to literature he is all for *laissez-faire*. He poses as the champion of free speech, freedom of the press, academic freedom, and liberties of the mind. To make this situation

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doubly paradoxical, the lower case conservative who favors freedom in general, while opposing various governmental interventions which hamstring commerce, nevertheless may sometimes respond favorably when someone whips up a move to ban a questionable book or play. The case for economic and political liberty is an old one, and it is better today than it ever was, philosophically. But it is incomplete if it does not stand four-square for every liberty of the mind. Freedom is all of a piece, and so is its opposite, regulation.

Start with Self-Control

Freedom is a remedial thing in human affairs, which means that the answers liberty would give to the problems which arise in society grow from the inside outward. Liberty does not have a ready-made set of solutions which can be plastered onto the surface of things. If the believer in freedom possessed a magic wand, one wave of which would impose libertarian solutions for all sorts of problems that now bedevil men while leaving everything else intact – including that which created the problems – he would not wave the wand, not if he understands freedom. The problem of censorship is only one among many, and there are no "instant solutions" to any problem which grows out of human nature itself. What we can do, however, is to sort out the elements of the problem, discard what does not properly belong, and get the rest into proper focus.

If people were to cease directing their censorship efforts at literary masterpieces like *Tom Jones* and *The Merchant of Venice*, a major part of the battle of the books would be over. But how do we recognize a piece of literature when we encounter it; and once we do have a piece of literature in our hands, how do we handle the salty passages which are to be found in Rabelais, Shakespeare, and even the Bible?

John Jay Chapman once remarked that Italian opera has this superiority over the essays of Emerson, that from the operas you'd at least learn that the human race consists of two sexes! The clash of this battle never echoes within an essay by Emerson, but the love story is at the heart of great literature, from the *Book of Ruth* to *Romeo and Juliet*, right down to Aldous Huxley's last novel. Mere ribaldry does not test the novelist's powers, nor does mere sentimentality; real artistry consists in maintaining in fiction the right relation of tension between ribaldry and reverence which genuine love exhibits in life. Great works of literature do this, as a recent book somewhat ironically titled,

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tries to demonstrate. (*How to Read a Dirty Book,* Irving and Cornelia Süssman. Chicago: Franciscan Herald Press, 1966. 139 pp., $3.95.)

The bookstore browser who walks out with this book merely because the title intrigues him will be disappointed. This brief essay is a serious defense of literary values and a criticism of attempts to bowdlerize or censor great works of literature. This husband and wife team base their case on Christian premises and direct their fire especially against the misguided efforts of those people who seek to protect their neighbors from certain reading matter for presumed religious reasons. Religion is a celebration of life, and the artistic recreation of life demonstrates how every facet contributes to the whole. To try to sweep some aspect of life under the rug is an insult to the Creator. It is just as bad as idolizing some part at the expense of the whole. If the authors' case were accepted, we'd no longer witness the spectacle of well-meaning people trying to ban *Lolita* or *The End of the Affair.*

Obviously, this little book does not cover much of the field. It presupposes, for instance, that we already have some feel for literary values. Most of us don't, as a matter of fact, despite – or perhaps because of – exposure to literature courses in college and literary magazines thereafter. Montgomery Belgion's book, *Reading for Profit,* is for the likes of us. This book had its inception in a series of lectures Mr. Belgion prepared for his fellow prisoners of war in 1941. Mr. Belgion expanded these into a book published in England in 1945. Its success was astonishing, selling upwards of 100,000 copies in the major European languages. The Henry Regnery Company was the American publisher, but unfortunately this remarkable book is now out of print. There is no better book for awakening our own appreciation of literature, by alerting us to the earmarks of literary merit.

Know the Difference

It was Goethe who observed that literature may be divided into the sickly and the healthy; but it is only after we have educated ourselves into an awareness of wherein the greatness of a literary masterpiece consists that we can make the distinction. "The final purpose of all great art," wrote Albert Jay Nock, "is that of elevating and sustaining the human spirit through the communication of joy, of felicity." Lesser art may also perform this function; there are many second- and third-rate novels that may be read with prof-

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it, and the same may be said for drama and poetry.

The problem of censorship wears a somewhat different aspect once we have familiarized ourselves with the values that are embodied in great literature and which we encounter nowhere else. Life is impoverished by every attempt to tamper with these values, and an acknowledgment of this fact takes literature out of the censorship hassle. Furthermore, an appreciation of genuine literature depreciates the attractiveness of fraudulent literature – which is what pornography is.

It is sometimes argued that no one can say what is pornographic and what is not. Well, some men cannot distinguish between a good cigar and a piece of rope. The expert testimony of D. H. Lawrence may be cited on this point; expert because Lawrence's own novels came under the censor's fire and copies were burned by the hangman. But Lawrence knew literary values and he knew wherein pornography differed: "In the first place," he wrote, "genuine pornography is almost always underworld; it doesn't come out into the open. In the second, you can recognize it by the insult it offers, invariably, to sex, and to the human spirit. Pornography is the attempt to insult sex, to do dirt on it. . . . The insult to the human body, the insult to a vital human relationship! Ugly and cheap they make human nudity, ugly and degraded they make the sexual act, trivial, cheap, and nasty. . . . This furtive, sneaking, cunning rubbing of an inflamed spot in the imagination is the very quick of modern pornography, and it is a beastly and very dangerous thing. You can't so easily expose it, because of its very furtiveness and its sneaking cunning. . . ."

When the literary marketplace is free and when the society contains a large number of people who are keen on good literature, will there still be pornography? Yes, but it will not constitute a problem. We don't need a law to prevent healthy, well-fed people from sampling garbage! ◈

IDEAS ON LIBERTY

A Good Book

MANY A MAN lives a burden to the earth; but a good book is the precious life-blood of a master spirit, embalmed and treasured up on purpose to a life beyond life.

JOHN MILTON, *Areopagitica*

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DECLINE AND FALL OF SILVER COINS

THE FIRST THING to be said about William F. Rickenbacker is that the "decline and fall of silver coins" which is the subject of his *Wooden Nickels* (Arlington House, $3.95) hardly keeps him awake o' nights. Not in itself, that is. Our silver dollars, half dollars, quarters, and dimes form such a small part of our total money supply that their disappearance into the hoarders' socks isn't going to make much difference. The real subject of Mr. Rickenbacker's worry is something different. What he is profoundly concerned about is the inability of the modern breed of politician to realize that Gresham's Law, which says that bad money always drives out good money, is just as true and just as inexorable in its workings in our neo-Keynesian days as it was in the time of Good Queen Bess.

The reason why Mr. Rickenbacker undertook a study of what has happened over a period of two decades to our silver currency is that it offers a classic example of Gresham's Law in operation. This is a witty book about the bungling of so-called statesmen and self-styled Treasury experts who tried to go on coining silver for monetary use at unrealistic ratios while the hoarders were snapping it up. It is the story of how three Administrations, those of Dwight Eisenhower, John F. Kennedy, and Lyndon Johnson, presided over the collapse of our subsidiary coinage without betraying even the most elementary acquaintance with the law of supply and demand. Silver coins started to vanish in the nineteen fifties. Yet even as late as 1965 an Assistant Secretary of the Treasury was still protesting that "our chicken-feed problems," meaning our troubles in keeping silver in circulation, would soon be over.

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The whole fantastic record is summarized by Mr. Rickenbacker in a pithy paragraph that says the Treasury "had to lose three-quarters of its free reserves (of silver) before it awoke to the existence of an abnormality. Its immediate action was based on a faulty interpretation of the circumstances (first the numismatists were guilty; then the vending machines; then economic growth). Its subsequent actions were inadequate and delayed. It failed to anticipate the price rise in silver after it withdrew from supplying half of domestic industrial demand. . . . Every official forecast was wrong. Douglas Dillon's famous prophecy that we have enough silver to last into the 1980's, and almost any statement by poor Mr. (Robert) Wallace, will serve as samples of the uninformed, haphazard, or deliberately deceptive pronouncements that have characterized the Treasury in recent years."

Ample Warning, No Response

The real joke on the U.S. Treasury is that this reviewer, who is the veriest neophyte in coinage matters, is hailed as a prophet of the collapse of our silver coinage by Mr. Rickenbacker. Away back in 1955 I undertook to do an article on silver for *Barron's Financial Weekly*. I discovered, by talking with some real experts in the smelting business, that the industrial uses of silver were increasing every year. Steadily increasing supplies of silver were needed for photographic work, for electrical uses, for brazing and soldering, for batteries, and for vessels that were corrosion-resistant. Furthermore, I learned what every mining authority has known for years, that the production of silver is mainly a by-product of the mining of other metals. The circumstances of its new industrial uses and its limited supply could mean only one thing: that in a short time there wouldn't be enough to go around for coinage purposes at the existing relationships between silver, gold, and the paper dollar.

So I set it down in *Barron's* more than ten years ago that silver was on the way toward being demonetized. Mr. Rickenbacker is good enough to quote me at several points in his book. But I was only a second-hand prophet; I was merely reporting, as an economic journalist, what at least ten knowledgeable metal experts within a stone's throw of Wall Street were saying about silver. Incredibly, the U.S. Treasury people were to let a full decade go by without listening to the metal experts for themselves. Meanwhile, I had completely forgotten that I ever wrote the article for

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Barron's. It was with quite a start that I rediscovered my own words in Mr. Rickenbacker's book.

The Vital Message

Well, the incompetence of government need never surprise anybody. Luckily, as Mr. Rickenbacker points out, precious metals are not needed in a subsidiary coinage. We do need, however, a Treasury Department that knows something about Gresham's Law. The behavior of the Treasury in the prolonged farce of the vanishing silver dollars and half dollars is rather terrifying proof that nobody in Washington has any savvy about the proclivity of people for hoarding valuable items when adulterated money is flooding the market.

Says Mr. Rickenbacker: "We cannot bid farewell to silver without profound foreboding." For, in its "minor fashion," the disappearance of silver coins has measured "the speed of our monetary debauch." Now that the silver quarter has been replaced by the cupro-nickel quarter, which looks like "a salami sandwich made with moldy bread," the United States is on what amounts to "a completely fiat basis." For the "first time since 1792," so Mr. Rickenbacker says, "we are on a money backed by nothing better than the politician's pledge. The stage is set for the final inflationary blow-off if that is what our money managers desire . . . Our leaders have not learned from history." (Mr. Rickenbacker chooses to ignore what he describes as "the trivial connection between gold and that 20 per cent of our money supply that is composed of Federal Reserve notes.")

Rampant Inflation

Mr. Rickenbacker is fun to read because of the wit and elegance of his sentences, which are always exquisitely tailored. But the fun becomes macabre when one realizes that Mr. Rickenbacker is intensely serious in his warning to his readers. He is striving, by playing up the symbolism of the silver story, to tell us that inflation itself is nothing more nor less than a dramatic unfolding of Gresham's Law as it is applied to values in general. What happens, in an inflationary blow-off, is that bad money tends to drive everything of value into hiding along with any remaining supply of good money. As fast as bad money comes into the hands of people, they trade it for anything at all that will serve as a "store of value" while the inflationary blitz continues.

The inexorable working of Gresham's Law applied to values-as-a-whole causes people to hoard land,

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food, clothing, hardware, common stocks, or anything else they can get their hands on. Gresham's Law, in short, applies to everything of value in the world. For, in a time of inflation, anything of value is potential money. (See the use of cigarettes as money in defeated and occupied nations as an example.)

Wooden Nickels is Mr. Rickenbacker's first book. He has a great talent for economic clarification and for the orderly marshalling of pertinent evidence. Now that he has paid his respects to the story of silver, one wishes he would go on to tell us what is happening to gold, which is a more important matter. ◈

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When we all take in each other's washing

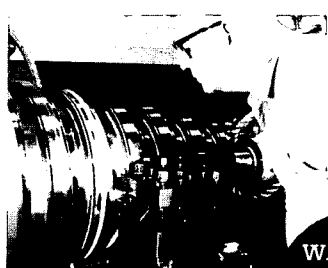
Utopia will have arrived

LET'S tax the whole country so New Yorkers won't have to pay as much as the true cost of their train rides. Let's all pay more for our breakfast coffee so the rich planters of South America will stay rich and won't have to pay the taxes you pay. Let's continue to forgive France the 4 billion dollars we lent them almost 50 years ago (plus the billions we have given them since) so they can drain away our gold. Let's all continue to pay more for gasoline taxes to build superhighways for states who refuse to build their own. Let's all keep on paying more for food than it costs to raise it, so some farmers can be paid billions they don't earn. Let's continue to pay billions to "veterans" who never saw a battle. Let's keep on paying more for our homes so building trades unionists can continue to get as much as $30 for a 6 hour day.

Who's kidding whom?

If we all did our own work, paid our own bills instead of insisting others pay them, we'd get more done, and save the billions of dollars every year in handling charges — charges that have so boosted our debt that *interest alone* is more than 11 billion dollars a year.

Sharing the wealth (i.e., socialism) is nothing but sharing the poverty, and don't let any politician steal your vote by telling you differently.



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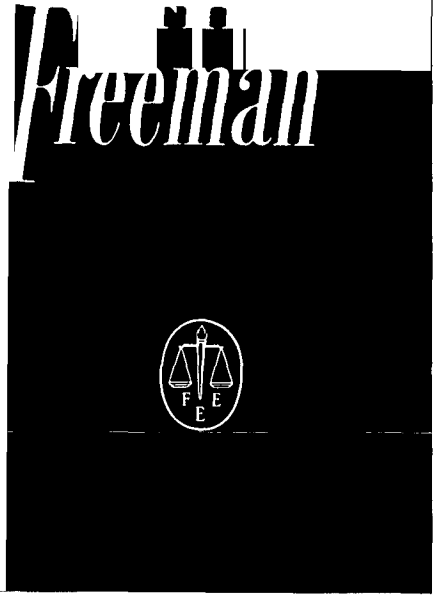

THE FREEMAN *may be forwarded anywhere in the U. S. A. No wrapper required.*

From:

SELF-HELP

■ It has been often said that power corrupts. But it perhaps is equally important to realize that weakness, too, corrupts. Power corrupts the few, while weakness corrupts the many. Hatred, malice, rudeness, intolerance, and suspicion are the fruits of weakness. The resentment of the weak does not spring from any injustice done to them but from the sense of their inadequacy and impotence. . . . **Our healing gift to the weak is the capacity for self-help. We must learn how to impart to them the technical, social, and political skills which would enable them to get bread, human dignity, freedom, and strength by their own efforts.**

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